













## EUROPEAN NEWS

## FRENCH ECONOMIC SETBACK

## Trade deficit widens to Frs.2.32bn.

BY DAVID CURRY

PARIS, July 18.

THE FRENCH Government hope for a significant improvement in the country's economic performance has been disappointed. Hard on the heels of last week's record unemployment figures, at a seasonally adjusted 11.5m, for June, has come a sharp deterioration in the same month's trade figures, blighting one of the few consistently improving aspects of the country's record. On top of the trade figures the Bank of France reports that industrial activity, while picking up, has still not recovered as much as it normally does at this time of year.

The decline in the trade balance from a relatively modest Frs.440m. deficit in May, to Frs.2.32bn. shortfall in June, is being explained as largely due

to an increase of Frs.1bn. in oil imports as a result of re-stocking and purchasing ahead of the July 1 rise in crude prices. In addition, the late spring frosts, which severely damaged the fruit harvest, and the subsequent cold weather has caused higher imports of fruit and vegetables—perhaps as much as Frs.700m. more than usual.

Imports reached Frs.28.62bn. in June, but exports Frs.26.30bn., representing a ratio of coverage of imports by exports of less than 92 per cent. against the 98 per cent. of May. The half-yearly deficit tops Frs. 2.32bn. against Frs.3.08bn. for the same period of last year.

The crude figures are more comforting with May's deficit of Frs.707m. down to Frs.478m. in June. Even so, the crude six months deficit is Frs.3.57bn., well

ahead of last year's Frs.5.44bn. The consolation is that the trend is still in the right direction with the average monthly deficit over the past three quarters progressively declining from Frs.2.9bn. to Frs.1.7bn. to Frs.1.1bn.

The Bank of France's monthly report for June underlines the continuing reasonable demand from overseas but the relative stagnation of domestic orders which continue to be "fragmentary and tardy". The normal acceleration of activity in June, to get orders delivered before the holiday shut-down, has been less pronounced than usual.

The Government's hopes now rest on a much improved cost of living index for June. With the effects of international commodity price rises, weather-affected fruit and vegetable

crops, restoration of profit margins and increases in public tariffs having worked through in the past few months, the June index should be below 1 per cent.

Under the influence of a price freeze and VAT cuts, prices for December, January and February rose by no more than 1.3 per cent. but over the following three months they shot up by 3.3 per cent.

A number of banks and forecasting institutes have calculated that by the end of the year the rise in prices should be down to an annual rate of 6.7 per cent., and the monthly increase declining to around 0.5-0.6 per cent. Meanwhile, the increase in benefits and allowances now coming into force are expected to boost consumption and eventually give a fillip to industrial activity in the consumer goods sections.

## Giscard questions Carter rights stand

By David Curry

PARIS, July 18.

THE EXPLICIT repudiation by President Giscard d'Estaing of France of the U.S. campaign for greater human rights in the Soviet Union means that both France and West Germany are questioning the wisdom of President Carter's human rights policy.

Herr Helmut Schmidt, the West German Chancellor, told a press conference in Washington several days ago that he preferred traditional discreet diplomacy to public crusading. Now in an interview with the U.S. magazine Newsweek, M. Giscard d'Estaing has accused President Carter of "breaking the code of conduct" and "jeopardising the process of détente" by introducing a "fresh ideological dimension" which the USSR does not understand.

He said Herr Schmidt "shares our perceptions of détente and the high regard we have for the conduct" and that the American position is providing the European countries into defining their own interpretation of détente.

M. Giscard's comments are criticisms of President Carter's human rights campaign which have been expressed more discreetly ever since his inauguration. The three cornerstones of French foreign policy—national independence, détente and co-operation, and non-interference in internal affairs—put a premium on additional diplomacy which does not question the right of any State to its own political system.

Any temptation the Government might have had to embarrass the French Communists by highlighting Soviet repression is more than outweighed by the need to maintain, for Gaullist consumption, the traditional balance between the U.S. and the USSR in foreign policy.

The Quai d'Orsay has been noticeably more alarmed at the Soviet presence in Africa and by the unwillingness of France's Western allies to respond to it, than by human rights violations, and Soviet dissenters do not have the access to leading political figures in France that they have in other countries.

M. Giscard emphasised his excellent personal relations with President Carter but said he did not agree that détente was a rise to lull the West into a false sense of security during a Soviet arms build-up. The Russians, he said, wanted to control the "near arms race" on the basis of parity and then define specific areas of economic, political and cultural co-operation which would not compromise the essential ideological competition between the two systems.

## OPEC investment in W. Germany falls below expectations

BY JONATHAN CARR

BONN, July 18.

WEST GERMANY has proved to be much less of a target for the surplus funds of the oil-producing countries than many believed it would be immediately after the oil crisis of 1973-74.

In its latest monthly report, the Bundesbank reveals that of the DM220bn. OPEC surplus built up in 1974-76 only about DM12bn. was placed directly in the Federal Republic. Of that sum about half went to German banks, discouraging large inflows of OPEC states took stakes worth only about DM1.5bn. in German industry—and here just two major transactions were involved. These were Iran's participation in Krupp and Kuwait's in Daimler-Benz.

The Bundesbank notes that some oil money will have reached the Federal Republic in placements through third countries—so that the origin of the funds is not known. But it believes that in this case, too, the sums involved are relatively small.

The picture emerging contrasts DM20.3bn. last year it was strongly with the widespread DM9.5bn.

feats of a few years ago of excessive OPEC influence in German industry.

The Bundesbank gives several reasons for the development so far. While the Government never took formal steps to limit OPEC's stakes in German industry, several major companies took defensive measures on their own behalf. Further, when the oil crisis struck West Germany already had some measures in force to discourage large inflows of capital, these were only gradually eliminated. Beyond that, interest rates in Germany have hardly been encouraging.

The Bundesbank also notes that West Germany's current account deficit with OPEC between 1974-76 is almost the same size as the inflow of funds from the Federal Republic in placements through third countries—so that the origin of the funds is not known. But it believes that in this case, too, the sums involved are relatively small.

The picture emerging contrasts DM20.3bn. last year it was strongly with the widespread DM9.5bn.

## Malta Bill may spark union retaliation

By Geoffrey Grima

VALLETTA, July 18.

THE PROSPECT of Malta plunging deeper into industrial unrest loomed ominously today as Premier Dom Mintoff's Government prepared to strike for Government officials' demands that the Government calls essential services.

Today's draft Bill, which is scheduled to be piloted through all parliamentary stages this evening, covers only doctors whose union, the Medical Association of Malta, has been negotiating in industrial action against the Government for seven weeks. The Bill stipulates that 62 medical officers will have to return to work to run state hospitals and sign declarations indicating their willingness to work under government direction regardless of union orders. Unless this is done by Thursday they will be dismissed. Until now, the Government has been flying in doctors from other countries, Cyprus and Czechoslovakia to run state hospitals.

The draft Bill at the same time makes it clear that the powers being assumed by the Government through the amendment of last year's Industrial Relations Act can be extended to other Government officials running essential services. This can be done by a simple prime ministerial order or through a parliamentary resolution.

If the strike law legislation is passed to-night, the union are threatening to step up the current wave of stoppages. First to go out on strike are expected to be the island's 35 members of the Medical Association of Malta (MAM). At a meeting on Saturday MAM members overwhelmingly supported plans for complete withdrawal of medical services. Doctors, in this event, will refuse to see patients, even privately, unless for urgent emergency cases.

Strikes in other services are expected to be issued tomorrow by the Confederation of Malta Trade Unions which has called its 10,000 members to another rally. Reacting sharply to Mr. Mintoff's proposed legislation, a spokesman for the 4,000-strong Malta Government Employees' Union said today: "This law gives the Prime Minister draconian powers. We had to accept it, we might as well pack up and close shop."

Some 1,300 bank employees and Government workers have been suspended for having obeyed union directives.

## Earlier EEC bid by Spain likely

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, July 18.

SPAIN IS thought likely to submit a formal application to become a full member of the EEC before the end of this month, several weeks sooner than expected in Brussels. This became apparent today after a meeting on Friday between Spain's permanent ambassador to the Community, Sr. Raimundo Bassola, and EEC Commission president Roy Jenkins.

While it is understood that no firm date was mentioned at the meeting, a Commission spokesman said today an application was likely "in the near future." The matter is expected to be discussed at a Spanish Cabinet meeting on Wednesday. Spain had previously been expected to submit a formal request to join next October, but appears now to favour an accelerated timetable. In part because of clear signs that several existing members of the Nine are starting to take a tougher attitude towards admitting new members.

A further factor may be the Spanish Government's hope that, by opening formal procedures to join the EEC, it will buttress international confidence in its troubled economy.

An application by Spain would bring to three the number of countries now seeking to join the EEC. Formal negotiations between Greece and the Community began almost a year ago, and the Commission is processing an application received from Portugal earlier this year. Spain's candidacy is widely expected to create the most difficulties. It is likely to encounter considerable resistance from existing members, notably France and Italy, both of which are seriously concerned about the consequences of admitting a major producer of Mediterranean agricultural products.

Roger Matthews writes from Madrid: Spain's Economic Ministers ignored today's public holiday—the last time the

country will officially celebrate the July 18 uprising by General Franco's forces in 1936—in order to continue work on the package of measures which was outlined last week.

The Government is anxious to present its complementary measures to the 20 per cent. devaluation of the peseta before the August break, and also to keep the basis of an agreement with the unions on limiting the wagespices spiral. The Minister of Labour, Sr. Jimenez de Parga, held talks with the leaders of two of the principal unions this morning, but faces an uphill task in persuading them to limit demands when the autumn's wage bargaining sessions get under way.

Almost inevitably, July 18 was also marked by violence. Five bombs attached to republican flags were defused in two northern cities, and in Madrid an attempt was made to make a local radio station broadcast extreme left-wing propaganda.

## Portugal to raise steel prices

By Diana Smith

LISBON, July 18.

PORTUGAL'S national steel mills (Siderurgica Nacional) have received Government permission to raise the prices of their products by about 20 per cent.

The increase brings Portuguese steel prices into line with those of the European Coal and Steel Community. The Ministry of Economic Affairs claims the rise will offset the effects of last February's 15 per cent. devaluation of the escudo, which added heavily to the cost of the 500,000 tonnes of steel Portugal imports annually (half of her annual consumption).

Portugal's steel industry is beset with problems. The new northern mills, near Oporto, are having severe teething troubles, and are only producing 30 per cent. of their 200,000 tonnes annual capacity.

Heavy losses have been incurred the last three years: £1.5m. in 1974, £12m. in 1975 and £12.5m. in 1976. The national steel mills owe a total of £114m.—£38m. to foreign banks and £76m. to Portuguese commercial banks.

This week's price rise, while theoretically increasing the Portuguese steel mills' revenue, will also have severe repercussions on the fairing construction and mechanical engineering industries, both of which slumped badly in 1974-1975 when house, office and hotel building came almost to a standstill and Portugal's embryonic heavy industry stagnated.

## Community credit scheme proposed

BY OUR OWN CORRESPONDENT

BRUSSELS, July 18.

BELGIUM'S Finance Minister, M. Gaston Geens, today formally proposed that the EEC should consider increasing the size of its medium- and short-term credit facilities, which at present amount to about \$3bn. each.

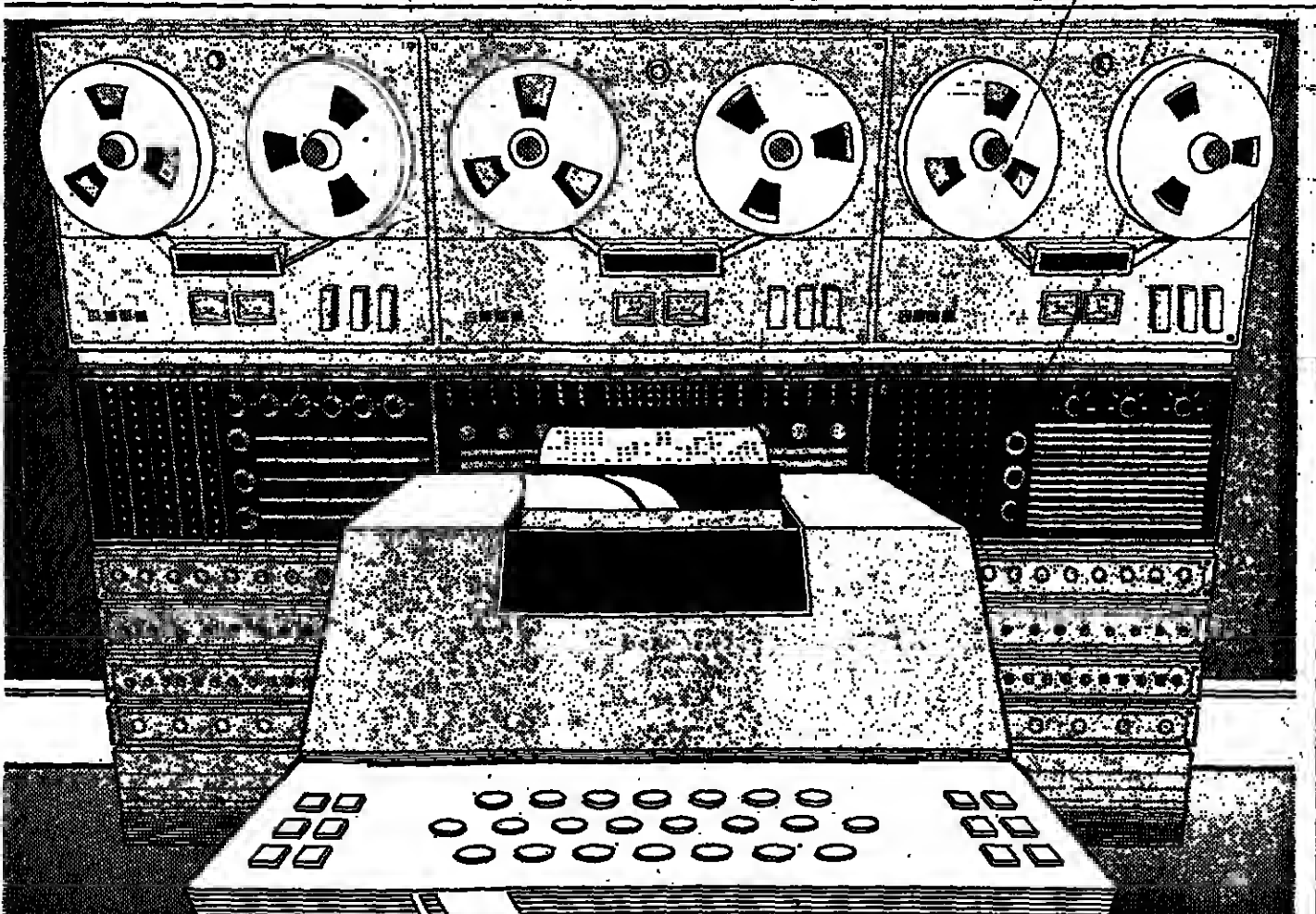
His colleagues on the EEC Finance Ministers' council, of which he is the new president, agreed to study the proposal at a meeting in October, together with a companion plan to pay short-term credit in instalments, each of which would be subject to precise and specified conditions.

At a news conference after today's meeting, M. Geens declined to say how large an increase in credit he favoured, arguing that this would have to be negotiated between EEC Governments. But some officials in Brussels believe that he would like to see a doubling of both facilities, which were set up about six years ago.

M. Geens pointed out that the short-term facility, which is between central banks of the Nine and amounts to 2,750m. units of account, was now almost exhausted, while about 40 per cent.

of the medium-term facility, which totals 2,750m. u.a. had been drawn.

The overall aim of M. Geens' programme is to encourage the narrowing of divergences between the economies of the Nine. To this end, he has also proposed that the EEC Commission for economic affairs should be invited to attend meetings of finance ministers of the member countries of the "snake" or European floating currencies, and that EEC governments agree to coordinate closely their fiscal and monetary policies.



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## THE NEW SOVIET CONSTITUTION

## Some are more equal than others

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

THE NEW DRAFT Soviet constitution unveiled for public discussion last month in western eyes must look like one of the more pointless exercises of 1977. Repeal for legacy in the Soviet Union has a bad enough reputation as it is, even without yet another document which seems to say that everyone is free, but that the Communist Party decides everything.

In its way the draft constitution gives a more honest picture of what Soviet power is all about than does the constitution at present in force, which goes back to Stalin and the 1930s. Oddly enough the Stalinist constitution adopted at the time of the grim suppression of human rights is much more "liberal" in some of its details than the new document which has been put forward at a time when the Soviet regime in fact has mellowed quite a lot.

It states bluntly in the opening section that "the Communist Party of the Soviet Union is the leading and guiding force of Soviet society, and the nucleus of its political system, of all state and public organisations. The Communist Party determines the general prospects for the development of society and the line of the domestic and foreign policy of the USSR."

There is a striking change from the old constitution which paid lip service to the fiction that power lay with elected state bodies, and only mentioned the Party once in passing, in Article 128.

The draft also has a section on foreign policy which is new. It makes no secret of the fact that the "Leninist policy of peace" aims to create favourable conditions for the spread of world Communism, and this includes support for people striving for "national liberation and social progress." This can be advanced to justify Soviet policies in Africa, for instance, and intervention in Czechoslovakia in 1968.

The rights and duties of Soviet citizens are laid out more clearly than before, particularly the qualifications attached to them. The three basic freedoms of speech, press and assembly (which, significantly come much further down the list than employment and social care) can only be exercised "in the interests of the working people and for the purpose of strengthening the socialist system." In other words, the constitution does not recognise the right to criticise socialism.

Similarly, the right to engage in political activity is recognised only if it "accords with the aims of building Communism." This is a more explicit formulation than the old "conforms with the interests of the working people."

accuracy the limits to political freedom. The limits to religious freedom are also clear. Although everyone has the right to profess or not to profess a religion, it is only the atheists who have the right to conduct propaganda.

The duty to work. A refusal to work is already punishable as parasitism under the Penal Code, so the new constitution does not change the law. The elevation of work to the status of constitutional duty does, however, suggest that penalties for

## RIGHTS AND DUTIES

## RIGHTS

- | New constitution   | Old constitution  |
|--|---|
| 1. Protection abroad   | Employment  |
| 2. Equality before the law                                       | Rest and leisure  |
| 3. Freedom from sexual, racial or national discrimination        | Protection in old age, bereavement, sickness and disability |
| 4. Employment  | Health care   |
| 5. Rest and leisure  | Education   |
| 6. Health care   | Equality before the law                                     |
| 7. Protection in old age, sickness, bereavement and disability   | Freedom from sexual, racial or national discrimination      |
| 8. Housing   | Freedom of conscience                                       |
| 9. Education   | Freedom of speech   |
| 10. Culture  | Freedom of the Press  |
| 11. Scientific and artistic freedom                              | Freedom of assembly   |
| 12. Participation in, and criticism of, state and public affairs | Political activity  |
| 13. Freedom of speech  | Inviolability of the person                                 |
| 14. Freedom of the Press   | Inviolability of the home                                   |
| 15. Freedom of assembly  | Secrecy of correspondence                                   |
| 16. Political activity   |   |
| 17. Freedom of conscience  |   |
| 18. Family protection  |   |
| 19. Inviolability of the person                                  |   |
| 20. Inviolability of the home                                    |   |
| 21. Secrecy of correspondence, telephone calls, telegrams        |   |
| 22. Legal protection   |   |
| 23. Complaint about actions of state officials                   |   |

## DUTIES

- | New constitution                                    | Old constitution                |
|---|---------------------------------|
| 1. To respect the law                               | To respect the law              |
| 2. To work  | To safeguard socialist property |
| 3. To safeguard socialist property                  | Military service                |
| 4. To safeguard state interests                     | To defend the motherland        |
| 5. Military service                                 |                                 |
| 6. Respect for other citizens                       |                                 |
| 7. To maintain public order                         |                                 |
| 8. To raise worthy children                         |                                 |
| 9. To safeguard Soviet cultural and national wealth |                                 |
| 10. To strengthen world peace                       |                                 |

Whether or not this is fair, it "parasitism" may be stiffened. Another controversial field, the relationship between the USSR and the constituent republics, is elaborated upon in a section which makes it clear that ultimately the different nationalities of the Soviet Union must vanish. This conforms with the now frequently stated aim of the Kremlin to create a single Soviet nation.

Art 74: The USSR embodies the state unity of the Soviet people and brings all the nations and nationalities together for the joint building of Communism.

Art 75: The territory of the USSR constitutes a single whole and comprises the territories of

the Union republics. . . . Although Art 71 restates a republic's right freely to secede from the Union, any changes required by boundaries must be approved by the USSR, Art 74 contains the phrase "the sovereignty of the USSR prevails throughout its territory," all of which implies that republics are subject to central control.

All the sections discussed far are in some way controversial, and they may well explain why the draft took so long to prepare. It was first promised the early 1960s.

Of the less contentious sections, those on the economic system bring some notable changes. After restating the principle of state ownership of land, dwellings and inheritance, the draft says that private enterprise is not a form of exploitation. Profit is no longer a dirty word in the Soviet Union and its enshrinement in the constitution reflects the deep concern with production costs that has taken hold since Stalin.

This section also says that mechanisation and automation must be striven for to lighten the burden of work. Again, it reflects economic changes of the last 40 years. Wages are to be raised "in keeping with growth of labour productivity." Agriculture, the weak point of the economy, must be transformed into an industrial-type enterprise with modern technology and a social service network of its own. But the draft seeks to allay the fears of operative farmers that co-operation will be abolished in the process. It guarantees them the land "for an unlimited period, though it drops the extra phrase from the old constitution, "is to say, for ever."

If the draft contains a message for outsiders, it is that the Soviet Union have many very different from Western meanings, but that attempt is made to conceal fact. A dissident who criticises the Kremlin may be exercising a right enshrined in the USSR Declaration of Human Rights but not a constitutional right (Unlike Czechoslovakia, Poland, the Soviet Union has used the opportunity of a new constitution to build its universal Declaration into its fundamental law.) Furthermore, one who complains that Moscow is wrong to intervene in Angola, faces the retort that it would be failing in its constitutional duty if it did not.

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## AMERICAN NEWS

ELECTION DAY IN THE BAHAMAS

## A crossroads for the economy

BY NICKI KELLY IN NASSAU

PARLIAMENTARY elections in the Bahamas on Tuesday marked a turning point for the 300,000 people of the islands. The choice for voters was between the "Bahamianism" Prime Minister Lynden Pindling's Progressive Liberal Party government, with its commitment to self-reliance and a mixed economy, and the Bahamian Democratic Party and Free National Movement, both dedicated to private ownership and a greater level of foreign investment.

Charges of corruption and economic mismanagement have badly weakened the PLP. But the party's chances of a fourth

consecutive term improved last December following a split in the opposition FNM.

Recent attempts by the Prime Minister, however, to handpick his party's candidates have created serious rifts within the organisation, prompting speculation that neither the PLP nor the two main opposition parties will win enough seats to govern alone.

Complicating any calculations about the outcome of the election are six PLP incumbents who were refused nominations and intend to run as independents, and the Marxist-oriented Vanguard Nationalist Socialist Party with four candidates.

Negotiations for a joint BDP-FNM ticket have been unsuccessful. The BDP however is not challenging certain strong FNM candidates in marginal seats to avoid splitting the vote.

In all 17 people have been nominated for 28 Assembly seats, 25 of which are at present held by the PLP and nine by the BDP.

There are basically no political differences between the BDP and FNM. Both are pledged to "restoring honest government," revitalising the economy, creating job opportunities, reducing State participation in the private sector and encouraging foreign investment and the free enterprise system.

They view the Government's aim of a mixed economy as a drift towards socialism and reject "unquestionably" Mr.

Pindling's argument that the country must be developed mainly through its own financial resources. "For the Bahamas to be developed at the rate and extent which would guarantee full employment we must attract a substantial amount of outside capital," says the BDP's election platform.

Unemployment, now more than 20 per cent, is one of the two key issues in the campaign. Job growth in tourism, the country's principal industry, has remained stable over the last five years. Foreign investment is at a standstill and the balance of payments is in deficit for the first time last year.

The Government blames the world recession which it claims has reduced the amount of investment capital available for countries like the Bahamas. Like other developing nations therefore, it believes us to seek self-reliance as an economic way of life," Mr. Pindling has said. He believes that the only way to preserve existing jobs and create new ones is through greater government participation in the economy.

The Opposition contends that much of the administration's problems are the result of mismanagement, corruption and a misguided nationalism that has frightened off investment. The Government's subsidised hotel, airline and farming ventures are costing taxpayers millions, and are putting the country further

into debt, they say.

The Prime Minister has admitted that corruption, like unemployment, is an issue with which his Government must contend in the election. He has pushed through tough anti-bribery and public disclosure laws and tried, with limited success, to eliminate the more uncontrollable elements from the PLP campaign.

He is also hoping to take some of the heat off his party with the announcement that the Government will hold a majority share in two new companies being formed for hotel development on Paradise Island and Freeport, Grand Bahama. The venture, he says, will create more than 3,000 new jobs.

No longer the object of questioning hero-worship, the 47-year-old Mr. Pindling remains the outstanding figure on the Bahamian political scene to-day. The only person ever to threaten his 30-year hold over the PLP is now the leader of the FNM.

Mr. Cecil Whitfield, who is the same age, and like Mr. Pindling a lawyer, said the government's 1970 after unsuccessfully leading a no confidence House vote against the Prime Minister. Hard working and uncompromising, he is blamed for splitting the FNM.

Mr. Henry Bustack, 38, also a lawyer and a former Pindling man, leads the BDP.

The government is going into the election admitting that it has



Mr. Lynden Pindling... no longer the object of unquestioning hero worship.

made mistakes over the past ten years but prepared to stand on its record of continuous political stability and social advancement for Bahamians blacks. The opposition, it says, is being manipulated by former members of the old white minority government and its election would represent a regressive step.

Later, however, is no longer the burning issue it was in 1967. Nor do Bahamians expect to see a repetition of the violence that marked the past two election campaigns. The emphasis by all parties is on the orderly transfer of power within the country's 250-year-old tradition of representative government.

## Teamster fund suspected of huge losses

By Stewart Fleming

NEW YORK, July 18. SENATOR CHARLES PERCY of Illinois has disclosed that some Federal Government officials suspect that as much as half of the assets of the Teamsters Union's Central States and South-West Areas pension fund may have been lost in bad investments.

Senator Percy is the senior Republican member of the Senate Permanent Investigations Sub-committee which is holding hearings into Government investigation of the fund.

Earlier this year, a reorganisation of the fund was forced through, partly under pressure from the U.S. Labour Department. This involved the resignation of certain Teamsters' Union officials, including Mr. Frank Fitzsimmons, the union president, and the placing of the assets of the fund with independent managers.

Senator Percy said that the fund had a reputation for making loans to Las Vegas casinos, dog tracks and risky real estate investments, and he repeated allegations of links between the fund and people involved in organised crime.

## U.S. need for SALT success

NEW YORK, July 18.

U.S.-Soviet relations will become cooler unless progress is made in their strategic arms limitation talks (SALT), the U.S. ambassador to the Soviet Union, Mr. Malcolm Toon, said in an interview published in Newsweek.

"SALT in many ways is the linchpin of détente as the Soviets see it," Mr. Toon was quoted as saying. "If we are not successful in making progress on SALT, then I think we will see a decided cooling of our relations, even more so than we have seen in the past six months."

Little progress had been made on the issues of substance in the SALT negotiations, he said.

## Congress report no hopeful of enhanced oil drilling techniques

BY STEWART FLEMING

NEW YORK, July 18

THE CONGRESSIONAL Office of Technology Assessment has produced a pessimistic report on the prospects for recovering oil from existing U.S. oilfields using enhanced drilling techniques.

The Office estimated that the most that could be recovered from existing U.S. oilfields using enhanced oil recovery methods, less than 20 per cent of the 238bn barrels of oil which would be left in the ground after using conventional and secondary recovery methods. Tertiary recovery involves using heat or chemical fluids to recover oil still remaining in reservoirs.

The study was based on data from more than 800 reservoirs in the U.S. Other studies of the same question have shown a wide range of estimates from 10 to 70bn barrels at current prices. The Congressional Office of Technology Assessments suggested that enhanced recovery methods could recover from 10 to 20bn barrels more of oil than conventional methods. Current U.S. proved reserves stood at just over 30bn barrels.

## CIA may drop objection to AWACS for Iran

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, July 18

THE UNITED STATES Congress is this week taking up the proposed sale of seven ultra-sophisticated radar aircraft to Iran.

It will do so amid indications that Admiral Stansfield Turner, director of the Central Intelligence Agency, has dropped his previously strong reservations about the deal. Admiral Turner is due to testify in closed session before the Senate Foreign Relations Committee on Thursday.

China has reaffirmed its defence commitment to North Korea and demanded immediate withdrawal of all American military forces and nuclear weapons from South Korea, UPI reports from Hong Kong.

Mr. Huang Hua, the Foreign Minister accused the U.S. of aggression and interference, speaking at a formal banquet in Peking only hours before a senior U.S. official was to meet the South Korean President Mr. Park Chung-hee in Seoul to discuss the phased withdrawal plan for the 40,000 U.S. troops in Korea.

The banquet was given by Chon Myong-su, North Korea's Ambassador to Peking.

Laetile move Senator Edward Kennedy stated that his Senate Health Subcommittee will insist that the government sponsor the first trial of drug laetile in human cancer patients. If ethical problems are resolved, UPI reports from Washington. But he said at end of a four-hour hearing on controversial substance.

"There isn't a scintilla of evidence that it provides any sense of hope in terms of curing and preventing cancer," he said.

## New Venezuela candidate Perez Cabinet reshuffled

BY JOSEPH MANN

CARACAS, July 18.

MEMBERS OF the largest Venezuelan political party yesterday chose Sr. Luis Pineria as their candidate for the presidential campaign, ending the latest voting.

The Democratic Action party has chosen Sr. Pineria, who holds the presidency and a majority in Congress.

The last dictator was ousted in 1958, the party has won the presidency in three out of four elections.

It sometimes bitter internal campaign caused some fears that government party, which has had three splits since the 1960s, would again be torn by rivalries created in the opposing camps. Each of candidates, however, said that he would support Pineria.

Pineria, who virtually controls the party administration, seen as a favourite against surprise candidacy of Sr. Luisinch, another important figure in the party.

The main opposition party, the Christian Democratic COPEI party, will choose its presidential candidate in the next few months. Other groups have already decided on their choices for the 1978 race. Local newspapers said that voting within Democratic Action went off smoothly yesterday.

The most recent reports from party headquarters gave Sr. Pineria, a former Interior Minister and now secretary-general of the party, nearly a 2:1 advantage over his opponent Sr. Jaime Lusinchi, an MP. By noon today, more than 800,000 votes had been counted from 6,343 electoral districts.

The party, with a membership of some 1.5m, people was awaiting results from about 2,000 other electoral districts. This was the first time that all members of a political party here were allowed to vote for their new presidential candidate. Previously, candidates were chosen by party delegates.

## Orinoco work under way

BY JOSEPH MANN

CARACAS, July 18.

THE VENEZUELAN government is planning outlays totalling \$1.4bn. for initial exploration and development of the Orinoco heavy oil belt, according to the Caracas daily El Nacional.

The newspaper quoted Sr. Carmelo Lauria, a former Minister of Basic Production, as saying that the first phase of the programme had already been started and would cost some \$280m.

The Orinoco belt is a giant reservoir of high-viscosity crude oil that runs across the northern bank of the Orinoco River in southern and eastern Venezuela. Oil reserves in the belt, estimated at a minimum of 700bn barrels, form one of the largest deposits in the world but require special processing in order to become commercially useful.

Although the government is currently carrying out exploratory activities in the belt, it has not yet announced a major development programme for the area. Such a plan would seem called for in the light of the

windfall of Venezuelan crude oil reserves, now at about 18bn barrels, but the government has held back on taking a decision.

Several foreign countries have offered the Venezuelans new technology for processing the heavy oil found in the belt, but there is no indication as yet as to which scheme will be chosen.

New York 'greed' The Soviet Press has portrayed the New York power blackout and the violence which followed as a product of social injustice and the "greed" of large corporations.

Reuter reports from Moscow. The massive character of the violence permits us to judge just how much bitterness and hatred has been pent up in the poor areas (in the city) towards the rich American moneybags," the official news agency Tass said.

The government newspaper Ivestia attributed the looting and violence to "years of pent-up injustices and a feeling of inferiority and hopelessness which exploded like dynamite."

## Chubb. From strength to strength.

The following is extracted from the 1977 Review:

"In these uncertain times I am glad that the prospects for the year as a whole were encouraging, and been borne out."

"It is probably true that in each of the countries we have our major activities this has been a very year for a variety of political and economic influences, and is real dedication to the concept that we have of products and Chubb services helping to combat both of fire."

"It is no good saying that these are difficult times they have been for some years past, but I am writing this before there is any clear-cut indication of Phase 3 of the policy, before we know precisely what the Government has with regard to price codes, and before one can see clearly signs of inflation during the year. But we do have widespread both in product range and geographically in this specialised field, we know so well relating to crime and fire. It seems certain that dangers will still be prevalent and the Group both here and overseas to play its part to the mutual benefit of its shareholders, as and customers."

Hayter  
Hayter, Chairman

## 1977

Group Turnover: \$158,438,000  
Pre-Tax Profits: \$14,108,000

## 1976

Group Turnover: \$135,564,000  
Pre-Tax Profits: \$11,766,000

## 1975

Group Turnover: \$108,118,000  
Pre-Tax Profits: \$9,082,000

## 1974

Group Turnover: \$85,181,000  
Pre-Tax Profits: \$6,727,000

## 1973

Group Turnover: \$71,568,000  
Pre-Tax Profits: \$6,008,000

Statement of Group Profit for the year ended 31st March 1977

	1976 \$000	1977 \$000
Group Turnover	135,564	158,438
Group Profit before Taxation	11,766	14,108
Group Profit after Taxation	5,668	6,930
Attributable to Chubb & Son Ltd.	4,878	6,220
Dividends	1,490	1,715
Earnings per ordinary share	11.18p	13.81p

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## OVERSEAS NEWS

## Somalia denies ordering Soviet advisers to leave

BY JAMES BUXTON

VITH FIGHTING between Somali-backed guerrillas and Ethiopian troops in the Ogaden region of Ethiopia reported to be increasing sharply. Somaliland yesterday firmly denied having ordered all Soviet military personnel to leave the country within three months. A Government spokesman accompanying the Somali Vice-President on a visit to Kenya said that the reports were "sheer speculation". The Russians are very good friends of ours," he said. Heavy fighting is reported to be taking place near the Ethiopian town of Dire Dawa in the economically crucial Addis Ababa-Djibouti railway which was cut last month and has taken months to repair. Ethiopia has suffered big reverses in the northern province of Eritrea within the past few days and the regime of Col. Mengistu Haile Mariam is under intense pressure on two military fronts.

Western end Arab diplomatic sources in Mogadishu, the Somali capital, yesterday told LPI in Nairobi by telephone that no orders to leave had been given to the several thousand Soviet advisers in the country. But they confirmed earlier reports that small numbers of Soviet advisers to the military and government were departing from Somalia on home leave and were not expected to be replaced. The Soviet Union has built up a force of at least 23,000 men and air force facilities in Somalia. But since early this year, the USSR has been sending tanks and other supplies to Ethiopia. This has alarmed Somalia, which has been coming under increasing pressure from the conservative Arab States to expel the Soviet presence, and has reportedly been offered Saudi financial aid to replace Soviet military supplies. President Siad Barre visited Saudi Arabia last week, but has made no statement about his visit.

The danger in expelling the Soviet personnel is that it would deny Somalia an assured supply of spare parts and ammunition for its Soviet equipment. Alternative supplies are reported to have been promised by Egypt, but a precipitate Soviet departure could cause a serious hiatus, which would be accentuated by the departure of vital Soviet technicians. Many observers believe that, while a total expulsion cannot be ruled out, Somalia is more likely to stage a gradual run-down of the Soviet presence, while building up alternative sources of supply and technical help.

Reports from Addis Ababa suggest that Ethiopia is sending in members of its newly-formed militia to reinforce regular troops in the Ogaden region. Any escalation of the conflict from the Ethiopian side could lead to calls by the guerrillas for more overt Somali support, which could involve the intervention of regular Somali troops.

## Syria and PLO reach agreement on south Lebanon

BY IHSAN HAJAZI

SYRIA and the Palestine Liberation Organisation have agreed on a plan to end the tension in southern Lebanon and to clear the way for a dialogue among Lebanese leaders on ways to end the crisis here once and for all.

Meanwhile, Palestinian camps around Beirut were quiet but tense to-day after large scale clashes yesterday between rival guerrilla factions. Informed sources said 18 people had been killed and about 40 wounded in clashes at the main Sabra camp between pro-Syrian Salafite guerrillas and members of the rival, Iraqi-backed "Rejection Front".

The Syria-PLO plan, according to informed sources, provides for the withdrawal of rival forces from Lebanon's southern border area with Israel, where incessant fighting has been going on between Palestinian guerrillas and Christiano militiamen who reportedly have been receiving backing and military supplies from Israel.

Demilitarised zones would be established in the south and eventually the newly founded core of the Lebanese Army would move there to keep the peace.

The plan was approved at a meeting in Damascus last night between three of Syria's top

civilian and military leaders and a Palestinian delegation under Mr. Abu Yusef, the second in command of the guerrilla movement, the sources said. Present on the Syrian side were Mr. Abdel Halim Khaddam, the Foreign Minister, Air Vice-Marshal Najib Jamil, the air force commander and Maj-Gen. Hikmat al-Chababi, the Chief of Staff.

A communique broadcast by Damascus Radio said that the two sides had reached an "identity of views" and that procedural measures would be announced soon.

Israel is understood to have said it will agree to the posting of Lebanese troops near

its border but it has rejected the stationing there of Syrian troops of the Arab League peace-keeping force. The U.S. has encouraged President Elias Sarkis to dispatch Lebanese forces to the south and has promised military aid to re-equip the army.

Observers said the Damascus accord would clear the way for a dialogue between Moslem and Christian leaders to break the Lebanon deadlock.

A Joint Lebanese-Palestinian co-ordination committee is expected to be formed to lay down new ground rules for the Palestinian presence in Lebanon.

## Histadrut seeks to neutralise price rises

BY L. DANIEL

TEL AVIV, July 18. THE HISTADRUT, Israel's trade union movement, announced to-day it will seek a revision of the present system of cost-of-living increments which could virtually neutralise the effect of last night's 25 per cent. across-the-board price rises.

Announcing the price rises last night, together with a \$230m. budget spending cut, Mr. Simha Ehrlich, the Finance Minister, said he hoped this year's inflation would not exceed 27 per cent. compared with last year's 38.5 per cent. But figures released earlier in the weekend showed inflation rose to 7.3 per cent. in the second quarter of the year, up from 2.7 per cent. in the first quarter.

The Histadrut said it will seek more frequent payment of the cost-of-living increments, currently adjusted only twice a year. Had the Government not slashed food subsidies and cut budget spending, deficit financing would have had a more substantial impact on the economy, it is the Likud's view. The Likud has merely pruned the budget back to the original \$12.3bn. (planned by the former Labour Government) which experts still consider too high to contain inflation, especially as it incorporates \$500m. of deficit financing.

Nor will last night's measures cure the basic ills of the Israeli economy: disastrous wild-cat strikes over trivial issues; strong opposition to tax cuts; even if justified; low productivity; in many sectors; and the excessive weight of the civil service in relation to the productive sector of the economy.

Moreover, it will widen rather than narrow the social gap, with high school and university fees due to go up by more than 25 per cent., while industry will face considerably higher production costs. The Histadrut, Mr. Abraham "Bumi" Shavit, chairman of the Manufacturers Association, called the measures a "tranquilliser". Instead of a comprehensive programme which would encourage the renewed growth of economic activity, Israel's GNP had been cut by 1.2 per cent. annual in recent years compared with a growth rate of about 8 per cent. in the decade preceding the Yom Kippur War.

In fact, the budget cuts (\$45m. in development and \$120m. in defence, of which \$40m. represents a reduction in orders to local industry), may reduce economic activity unless the goal of shift in labour and resources to export industries is actually achieved.

Heads of the leading banks are unanimous in welcoming the partial abolition of subsidies and the budget cuts though they, too, insist that they go only part of the way towards curing the country's economic ills.

The stock exchange is closed to-day and all orders placed before last night have been cancelled to enable investors to reassess the situation. Prices of index-linked bonds, for example, are expected to rise sharply.

## Vietnam, Laos strengthen their relations

Relations between the two Communist allies of Indochina—Vietnam and Laos—have been considerably strengthened as a result of a four-day trip to Laos by the highest Vietnamese delegation ever to visit the country. Richard Nations reports from Bangkok. The Vietnamese delegation was led by Mr. Le Duc Tho, the communist party chairman, and Mr. Phan Van Dong, the Prime Minister.

The two sides signed three accords: a treaty of friendship and co-operation, a border agreement, and an old agreement under which Vietnam will give Laos loans and technical assistance for three years, according to Vietnamese Radio. Mr. Tho, who arrived last Friday, allowing landlocked Laos duty-free access to the American-built Da Nang seaport, 270 miles north of Saigon, was also ratified.

## Chinese leadership

The Chinese leadership is believed to be preparing for a new Communist Party Congress. Informed sources said yesterday. Reports from Peking say that a leadership meeting was under way, but gave no indication whether it was an enlarged Politburo session, or a larger gathering of the entire Central Committee of some 160 members. Observers believe that one issue under discussion is the rehabilitation of anti-radical former vice-premier Teng Hsiao-ting, who fell from power last year.

## Thai guerrilla post

Forward allied troops have uncovered a tunnel used by Communist guerrillas as an air shelter in the Weng jungle in southern Thailand. Thai commander said yesterday. Reports from Kuala Lumpur that Gen. Yuthasak Klongpromkit said at the command centre of Sungai Padi that Malaysia army engineers are trying to unblock the tunnel to clear the way for a search for documents.

## ON OTHER PAGES

International Company News: Rally further. H&G turnover rise forecast: 24.2%. Farming and Raw Materials: Record EEC grain crop forecast. Peru posts off anchor decision?

## Nimairi heals breach with rivals

BY ALAN DABRY

KHARTOUM, July 18.

PRESIDENT Jaafar Mohammed Nimairi was in-tight due to announce a major reconciliation between his government and one of the main sources of opposition, the Right-wing Ansar or Mahdist religious and political group. The Ansar was responsible for a major Libyan-backed attempt to overthrow President Nimairi last July and have staged other coup attempts since President Nimairi came to power in 1969.

The reconciliation with the Ansar and its leader, Sadiq el Mahdi, who lives in Britain, could have a major stabilising effect on the country. The Ansar has posed a continuing threat to the regime, a recentist exceptional vigilance by the security forces, its already been released.

hitter opposition to President Nimairi's regime has never abated since the crushing defeat of Ansar followers at Abha Island on the Nile delta. In a taped TV broadcast, the President said the process of reconciliation had been going on for some time.

The President said he had already had a meeting with Sadiq el Mahdi. There had been widespread rumours that the two had met in Port Sudan a few weeks ago.

The President says he has discussed the setting free of prisoners held for involvement in banned political groupings, illegal immigration and those who had already stood trial. A large number of prisoners, have since the security forces, its already been released.

The first hint of an easing of tensions between President Nimairi and his political opposition came on May 24 when he announced that he would "never close the door of this nation to any repenting citizen."

Last Friday President Nimairi attended the big annual Ansar festival held in the Mahdi's house in Omdurman to celebrate the ascent of the Prophet Mohammed together with important Mahdi family members.

One of the chief tasks facing the President, following the reconciliation would be providing reassurance to Sudan's predominantly African population in the south which could see the move as part of a drift towards the Arab and Muslim influence in Sudan.

## Skull and crossbones country

BY KATHLEEN BISHTAWI, RECENTLY IN SOUTH LEBANON

IT IS harvest time in the south of Lebanon. The wheat is being collected in bundles, the tobacco is being picked and put out to dry, and the lemon trees are heavy with fruit. It is also seven months after the formal end of the civil war, but the conflict which ripped Lebanon apart leaving 40,000 dead and 80,000 injured continues. Beyond the southern city of Sidon where the last checkpoint of the Syrian-dominated Arab peace-keeping force is maintained, it is hard to find a single Lebanese who is not an unrepentant supporter of the Christian Right-wingers and the Lebanese Left-wingers and the opposing Right-wing forces and their Israeli allies—fight village by village for supremacy in the south.

Israeli soldiers in Lebanese territory are not an unusual sight, but never has their presence in Lebanon been carried off with such assurance and ease. It has since their alliance with the Right-wing Christian forces. The southernmost villages are shell-shattered and empty, their inhabitants long since fled to the north. On the Lebanese road which follows the old armistice line, the skull and crossbones appear, with "danger"

written in Hebrew and English. At the fence, where Lebanese may cross into Israel, a flock of Lebanese taxis wait for their returning passengers who go daily into Israel for medical treatment, shopping, work or direct military briefings.

Israeli soldiers stroll casually along the empty road towards the first outpost which marks the beginning of the Christian enclave. Here the combatants include supporters of Camille Chamoun, a Right-wing leader in Lebanon—such groups as the Guardians of the Cedars, and Phalangist militia-men.

Covering the story of southern Lebanon can be hazardous. As soon as I arrived in the Christian enclave and produced my British passport, the commander for the area told me I was under arrest and now a hostage.

I had come from an "enemy" country, he told me (my passport marked Dubai as my place of residence). The evidence of numerous Arab visas in the passport and my Arab married name convinced him I too was an "enemy." He hoped for a high ransom from the Dubai Government and planned to keep me hostage for two prisoners in

another village held by the Christians. The Arab states finance the terrorists—the "strangers" in his country—he said.

Three hours of negotiations and reasoning followed my arrest. From time to time, he left the room to talk by radio telephone with Israeli officers across the fence, to confer with them about my fate and where I was to be kept. Reason appears to have prevailed from the other side. For later in the afternoon I was released—on orders from an Israeli officer.

The incident clearly demonstrates the extent of the co-operation between the Right-wingers and the Israeli army in Lebanon. Without their Israeli backers, the Right-wingers would make little headway in the conflict. Palestinian forces in the area are estimated at 5,000, while total Christian forces only 2,500.

Palestinian propagandists in Beirut believe the Israelis aim to create a strip of neutral territory stretching the whole length of the armistice line. Hence their recent attack on the village of Yarine, far to the west of the Christian enclave, and the Israeli army's seizure of the village of Yarine, which the Palestinians say aimed to force a link with the existing enclave.

Certainly the villages were emptied every day the stream of refugees—estimated at 150,000 to 200,000—continues to flow north. The roads are jammed with trucks overflowing with refugees, but the general Lebanese attitude is one of resignation. The refugees are seen as a burden, not a blessing. The refugees are seen as a burden, not a blessing.

The U.S. offer of arms will certainly help, but it will not solve the problem of the southern Lebanese, the problem of international factions, but the basic Arab significance. The U.S. has been unable to persuade the Israelis to reduce their activities in the area. The Right-wingers in Lebanon are using the conflict there as a means of pressure on both the Palestinian guerrillas and President Elias Sarkis's Government in Beirut.

The Syrians are handicapped by being unable to cross the legendary "Red Line"—an election which Israel has said it would interpret as an aggressive move. It has never defined this demarcation but, in physical terms it is now generally understood to be the Litani River.

Nevertheless, last March the Syrians reopened the old "Arafat trail" to re-supply the Palestinians in the area. Obviously, they felt the need to protect their south-western flank on the Golan Heights.

The new Syrian-Palestinian sides of Beirut. The south is an unaccustomed rivalry combatants will withdraw to form a factor in all respects.

It is often said in Beirut now, that the problem in Lebanon is to determine which terms it is now generally understood to be the Litani River.

Sarkis has made little headway in solving the problems of unemployment, inflation and the shift of populations highlighted by the fact that there are about 300,000 displaced people, many of them living in luxury hotels, left vacant on both sides of Beirut. The south is undoubtedly going to be a crucial factor in all respects.

## Professional bodies in Ghana call off strike

ACCRA, July 18.

PROFESSIONAL organisations in Ghana called off a 19-day political strike to-day, after a promise from the military Government that civilians will rule the country in 1979.

Doctors, lawyers, engineers, accountants and other professionals were asked to return to work in a letter communique issued by the Ghana Professional Bodies Association and the Government negotiator.

The Professional Bodies Association had demanded an immediate return to civilian rule. The ruling supreme military council, headed by Gen. Ignatius Acheampong, issued a nine-point programme last Wednesday, promising a referendum day, the drafting of a new constitution, and on June 11, 1979, a general election. The Civilian rule would be restored on July 1, 1978, the Head of Ruler.

## Sri Lanka poll fears

COLOMBO, July 18.

POLICE seized home-made bombs, revolvers and knives in a series of raids yesterday and the armed forces have been put on full alert as Sri Lanka braces itself for first general election in seven years.

The Election Commission has asked people to stay off the streets after they vote on Thursday and both Thursday and Friday have been declared public holidays in an attempt to avoid election violence. Schools will be closed from to-morrow until Monday and a four-day ban on the sale of liquor starts to-night.

Eight people have died and 28 have been injured in political violence during the two-month election campaign and there are widespread fears of clashes on polling day and on Friday when the results are announced.

The Sri Lanka Freedom Party (SLFP) headed by Mrs. Bandaranaike, 61, faces a stiff challenge in the elections from the opposition United National Party (UNP) whose leader, Mr. Junius Jayawardene, 70, claims his party will win about 100 of the 168 seats in the new Parliament.

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BY KEVIN DONE, CHEMICALS CORRESPONDENT

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## HOME NEWS

## BP starts project at Buchan Field

BY RAY DAFTER, ENERGY CORRESPONDENT

NORTH SEA oil production is about to be given a further boost through the development of British Petroleum's Buchan Field.

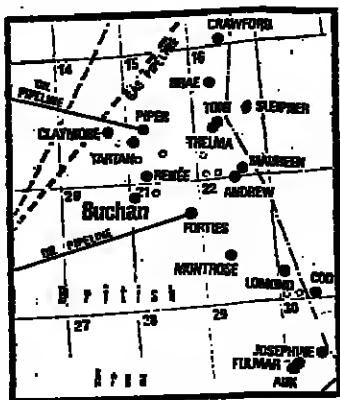
BP and its Buchan partners have decided that development should start immediately. It will be the 16th field in the U.K. sector to be declared as a commercial prospect.

Seven fields have already been brought on stream, yielding enough to meet half Britain's oil needs, although Shell/Esso's Brent field is temporarily shut while platform equipment is installed. A further two fields are due to be commissioned later this year.

BP has still to receive Department of Energy approval for its production plans, but it is likely that Buchan will be developed initially through a converted semi-submersible rig. The operators may decide later to order a fixed platform if the field's performance is sufficiently encouraging.

A new diving support vessel, Stena Welder, will be used in the field. The vessel was christened yesterday in Aberdeen by Mrs. Elizabeth Birks, wife of Dr. Jack Birks, technical director of BP Trading. It will operate on behalf of the U.K. diving company Wharton Williams.

Wharton Williams has also been appointed project manager for well positioning work on Buchan. A steel template, through which the production wells will be drilled, is due to



with North Sea fields like Forties and Brent. Unofficial estimates of its reserves range from 15m. barrels to 250m. barrels. Peak production could be between 50,000 and 100,000 barrels a day.

BP has wasted little time in starting the development programme. It became involved in Buchan only last month after buying a 54.2 per cent. stake. It acquired City Petroleum's 28 per cent. interest in the 21.17 per cent. stake of CCP North Sea Associates and two-thirds of the 7.5 per cent. concession held by

Gas and Oil Acreage. The three companies retained a 50 per cent. interest in net profits from the oil production.

CCP North Sea said yesterday that BP and its partners had started drilling the first of two exploration wells on block 21/6, south of Buchan.

The Buchan Field lies close to BP's Forties pipeline, which may be used in the development programme. The alternative would be an offshore oil loading system.

Meanwhile the British National Oil Corporation, which is the operator for the Thistle Field, has asked Silley Cox and Co. of Falmouth Docks, to convert the tanker Jarita for offshore oil work.

The ship, to be renamed Thistle Venture, will be fitted with new mooring and loading gear. The vessel should arrive at Falmouth on August 1.

Cochrane Shipbuilders of Selby is to build a tanker and a bulk cargo vessel for British owners. The estimated value of the two orders is £3m. The smaller of the two ships, a 800-tonne tanker, has been ordered by Bowker and King of Woolwich, London. The vessel will be used for coastal and River Thames trade.

The 2,700-tonne carrier has been ordered by Klondyke Shipping of Hull. It will be used for worldwide operation. The ships are due to be delivered towards the end of next year.

## Building work upturn unlikely

By Michael Cassell, Building Correspondent

THE VALUE of orders for new construction work fell back further in May, according to provisional figures from the Department of the Environment.

Work taken on by contractors during the month was worth only £590m. at present prices, £57m. less than the previous month and £50m. down on the same month last year.

Expressed in constant price terms, orders in the three months to the end of May were worth 2 per cent. more than in December-February, but were still 20 per cent. below the level recorded in the comparable period 12 months before.

The latest figures provide little indication of any significant improvement in the industry's overall workload and no return to the expected before 1973 at the earliest. There are fears that the number of unemployed in the industry could rise to 400,000 before an improvement is under way and the construction sector's ability to cope with any substantial upturn in demand is causing increasing concern.

## Public works

According to the statistics, new public sector housing orders in the three months were 7 per cent. higher than in the previous quarter, but they were 36 per cent. lower than during the same period last year.

Private housing orders also improved, by 15 per cent. over the preceding three months, but remained 24 per cent. down on March-May last year. In the public works sector new orders were 22 per cent. down between March and May compared with the previous three months and 40 per cent. below the level recorded 12 months before.

In the private industrial building sector, contractors' orders in the latest quarter showed a 24 per cent. rise over the preceding three months and were 40 per cent. higher than the poor levels of a year earlier.

Private commercial orders in the March-May quarter also showed an improvement, with an increase of 27 per cent. over the preceding three months and one of 36 per cent. over the same period a year before.

The increases, however, represent only an improvement over some of the worst order levels experienced during the present recession.

## North of England greets Drax B decision with mixed feelings

BY RHYD DAVID

RELIEF in Newcastle, gloom in Manchester, environmental concern in Yorkshire—few Government decisions in recent years can have provoked such a variety of reactions from different regions as the Drax B power station announcement yesterday.

While jobs are being saved in the North-East by the £125m. turbine order to Rayrolle Parsons for a coal-fired power station, unions in Manchester protested yesterday that up to 800 jobs would be lost at GEC's Trafford Park plant, with others at Stafford, Rugby and Larn.

amounting to 9,300 employed by the company on turbine work.

Yorkshire expects several hundred construction jobs, orders for equipment suppliers, orders for supplies for a second power station from the Selby coalfield. But concern is being expressed at one to the undesirable side-effects likely from a coal-fired power station—hundreds of thousands of tons of pulverised fuel ash piling up, presenting formidable problems of disposal.

The Drax B decision substantially reduces a big employment threat in the north of England, which with the decline of older industries such as shipbuilding has an 8 per cent. unemployment rate, the highest in England.

Arrival of newer industries has failed to keep pace with the decline in mining, down by 116,000 workers in 15 years; shipbuilding, down 25,000; and transport, 35,000.

Though coal decline has ceased and recruitment been resumed by the National Coal Board, in shipbuilding further losses are expected, and little new industry from other areas is expected in the next few years.

Rayrolle Parsons, because it has headquarters in the area, is the type of industry regional planners particularly wanted to retain.

New industry, a recent report said, consisted largely of branch establishments yet to become well integrated into the economy. Parsons said yesterday that it was too late to save all 1,600 jobs under threat this year and next. About 600 will probably be made redundant this year, most of them by early retirement and other voluntary means.

The power station contract, placed in advance of requirements, is expected to provide work eventually for supplying industries in the North other than in Newcastle.

Steel steel could benefit from orders for heavy forging and other items, though in the past it has faced strong overseas competition.

The contract will benefit the

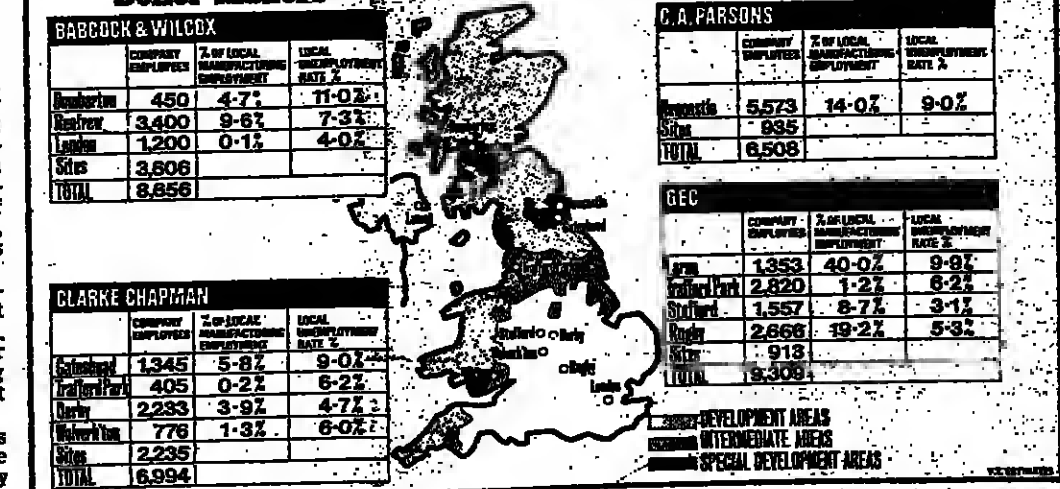
construction industry in Yorkshire, which the recession has contributed as much as a quarter to local unemployment.

Apart from benefiting equipment suppliers the scheme will help underpin the Selby coalfield, which with further development will become a lower-cost producer.

It will be difficult to find a market locally for the vast quantities of pulverised fuel ash, mediate and low-speed ends as

estimated at more than 1m. tons well as other industrial and marina turbines. Local authorities are concerned that because of its lack of full development-area status, Manchester is missing out on new competition with Mersayside and the North-East. Its role as a big generator of industrial wealth has been substantially eroded, it is claimed.

Editorial Comment, Page 16.



## Possible buyer for Kilmarnock plant to meet unions to-day

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A POSSIBLE BUYER for the Kilmarnock factory of Glenfield, beginning of the month after un-

marooned factory of Glenfield, beginning of the month after un-

marooned factory of Glenfield, beginning of the month after un-

marooned factory of Glenfield, beginning of the month after un-

marooned factory of Glenfield, beginning of the month after un-

would be important for keeping the plant open.

"My concern is the same as that of the workers," he said.

Today's talks are understood to be with a British engineer.

The news was given to a meeting attended by 800 workers yesterday by Mr. Ian McLaughland, area.

A new owner could receive considerable financial help from the Government, and the Amalgamated Union of Engineering Workers' convenor, He added that if a new owner could not be found within three, attend to-day's meeting.

Shop stewards have postponed their plan to take over the plant yesterday for the first time in a training exercise.

The gun, being introduced into the Army, has a 7,000 metre range advantage over the pack howitzer and is more accurate.

Six guns of Eight Battery, 2nd Commando Regiment, were hoisted from Hermes night deck in an exercise off the North Cornish coast.

## Earnings 'will rise 15%-20%'

By Peter Riddell, Economics Correspondent

AN INCREASE in average earnings of 15 to 20 per cent. in the next 12 months is expected by Phillips and Drew, the City stockbrokers which has been advising unio leaders at Ford Motor.

On the basis of a central forecast of a rise of 17 per cent. in the period against a Government target of 10 per cent. for 1977-78, the brokers estimate that retail prices will rise by about 14 per cent. in 1978.

The technical position in the stock market could lead to a short-term recovery in gilt-edged stocks, but prices were expected to be lower in six months.

Prospects for equities were better. On the assumption that dividend controls were abolished next year, average dividends increases would be in the region of 30 to 40 per cent.

The analysis of the recent Government statement highlights three main differences from 1974-75:

Demand conditions are slackening which may deter high settlements.

Establishment of review bodies to examine public-sector pay in early 1974 affected the size of deals.

The oil-price rise of autumn 1973 and the upsurge in world raw material prices meant that the retail price index accelerated in the second half of 1974 as the wage round was getting under way, while the rise in indirect taxes had already largely been reflected in the index this year.

However, the brokers note that from the 1974-75 experience that the average size of settlements roughly doubled during the round, and that the 12-month rule, centre piece of the 1974-75 policy, had cracked by May, 1975.

Phillips and Drew believes that drift will occur above the Government's 10 per cent. target with productivity gains, phased correction of inflation and consolidation of the £6 and £4 supplements into overtime rates, all contributing to earnings growth.

## Tax convention with Sweden

DISCUSSIONS AT official level have been held in London about a double taxation convention between the U.K. and Sweden covering taxes on the estates of deceased persons, and on gifts, to replace the existing death duties convention.

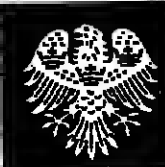
A wide measure of agreement was reached. The discussions will be resumed in Stockholm later in the year.

## Barclays-the international bank in Edinburgh

Our representative's office, which has been in Edinburgh since 1975 has now been up-graded to a full service branch.

Barclays in Edinburgh offers a complete range of international banking services to Scotland's exporters and importers, backed up by the world's largest international branch network. A network covering over 70 countries through 1700 branches.

If you are engaged in any form of overseas business or investment our Edinburgh Manager Norman E. Ireland can provide expert advice on every aspect of the corporate scene.



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Manager: Norman E. Ireland.

All of these Securities have been sold. This announcement appears as a matter of record only.

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**NEW JAPAN SECURITIES INTERNATIONAL INC.**

July 13, 1977.



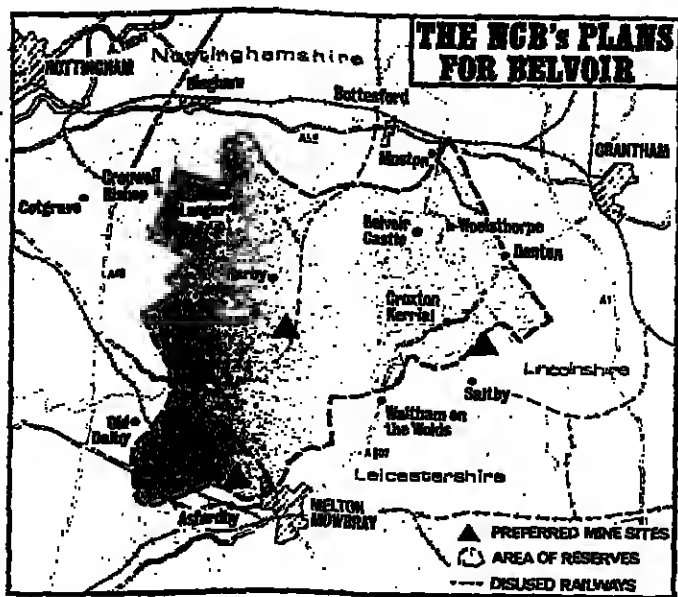
## HOME NEWS

## Coal Board plans £500m. mining project at Belvoir

IAN HARGREAVES

FOR three coal mines to be developed in the 510m. ton reserve at the Vale of Belvoir, Leicestershire, were disclosed yesterday by the National Coal Board.

The Board's plan, which is a pressure group, farmers' and environmentalists' reaction to a call for an inquiry into the project, though the original intention of sinking four mines has been abandoned.



The development of the 90-square mile, which is beneath agricultural land in Leicestershire, Nottinghamshire and Lincolnshire, will take about 10 years and will cost £500m. It will cost £500m to develop the mines, which will require about 10 years to develop. The Rose mine will require about 10 years to develop. The Rose mine will require about 10 years to develop.

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## Tyndale dismissals confirmed by ILEA

MICHAEL DIXON, EDUCATION CORRESPONDENT

DISMISSAL of three discipline and literacy among involved in the dispute the junior school pupils in Tyndale junior school, London, was confirmed by a staff appeals committee of the Inner London Education Authority.

The three teachers, Mrs. Dorothy Jackson, Mrs. Steve Jackson, and Mr. Terry Collins, were dismissed by the committee. The committee also dismissed Mr. Brian Hadfield, a senior teacher, for defying the school by staging an unofficial strike.

## Independent airlines lives at the door

MICHAEL DOONAN, AEROSPACE CORRESPONDENT

INDEPENDENT AIRLINES try to off British Airways described as "wolves at the door" by Mr. Gerry Jackson, British Airways managing director, in its staff news.

The Government's plan to open up the airline market to independent airlines, such as charter airlines and various independent airlines, is being described as "wolves at the door" by Mr. Gerry Jackson, British Airways managing director, in its staff news.

## Bribe charges sent for trial

LANDS building taintment at Ascot racecourse and including the chair gifts of champagne and gin. Mr. Alan Christopher Bryant, 53, of Saintbury, near Broadway, Worcestershire, faces three charges of bribery, conspiracy and one of bribery.

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## Ulsterbus completes decade in the black with £2m. profit

BY OUR BELFAST CORRESPONDENT

ULSTERBUS, Northern Ireland's publicly-owned bus operator, completed a decade of profitability last year by generating a surplus before tax of almost £2m, compared with £897,000 in the previous year.

The annual report of the Northern Ireland Transport Holding Company, of which Ulsterbus is a part, was published yesterday. It said the Ulsterbus record was "probably unique in public transport experience in the U.K. during the same period."

## Successes

Fares on Ulsterbus have been held stable since a 10 per cent. increase in April last year.

The company continued to suffer from violence in the province. It lost 54 buses and its new Londonderry depot was severely damaged by a bomb.

Mr. R. D. Rolston, chairman of the holding company, said 1976-77 was a year of "achievement in adversity." He ascribed the successes to dynamic management, careful cost control, loyalty of staff and the low level of industrial strife.

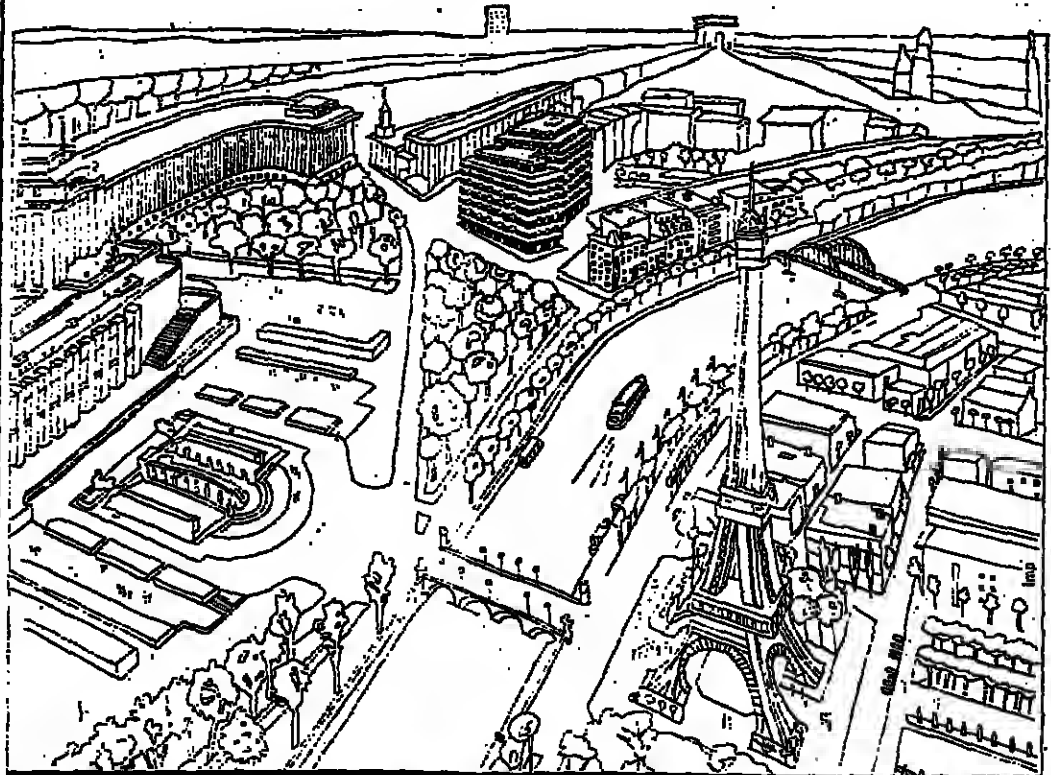
## East's Show opens to-day

THE EAST of England Show opens to-day. Combining the traditional aspects of the agricultural show with the commercialism of a trade exhibition, the three-day event is staged on a purpose-built showground between Peterborough and the 'A1'.

## LES PALAIS DE CHAILLOT

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## Hoechst Reports on its Annual General Meeting

## 1976: Earnings low overcome. Hoechst looks forward to the future with confidence.



"We are pleased to report on a financial year in which we succeeded in overcoming the earnings low. This is reflected in the proposal of the management to increase the dividend by DM 1 to DM 8 per share and the fact that we were able to increase the reserves of Hoechst AG by DM 81 million." With these words Professor Sammet, chairman of the Hoechst board of management, opened his report on the financial year 1976, presented to approximately 1,300 shareholders at the Annual General Meeting on 7th June 1977.

## ... Sales increase 13%

"Two-thirds of Group sales amounting to DM 23.5 billion are achieved outside the Federal Republic of Germany; one-third of Group sales stems from production plants abroad. Hoechst is known and also engages in activities in nearly all markets throughout the world. The sales successes achieved by our affiliates abroad during recent years confirm once again that our long-standing efforts for foreign markets were justified."

## ... Improved profitability in the past year

"The Group profit before taxes on income and property was DM 1,376 billion, that is DM 439 million more than in 1975. The profit after tax for the Hoechst Group is DM 580 million, representing almost exactly double that achieved in the previous year. A comparison with the financial year 1975 alone, however, can be deceptive. The steep rates of increase demonstrate not only the success achieved in the previous year, but derive also from the low level to which we had dropped in 1975."

## ... Expenditure on fixed assets: DM 1.7 billion

"In the past year Hoechst invested DM 1.7 billion in fixed assets throughout the world, of which DM 1.4 billion was spent by the Federal Republic of Germany. Approximately 40 per cent of this volume of investment is used for new manu-

facturing facilities. These are facilities for new products from our own research and development or facilities with which additional capacities are created. Together with the investments aimed at rationalization, nearly 50 per cent of total capital expenditure serves to create additional production potential."

## ... Development so far in 1977

"On the whole, the first five months have been disappointing. Sales of Hoechst AG amounted to DM 4,032 billion, this corresponding to an increase of 1 per cent. We shall continue forcefully in our efforts aimed at increased productivity and hope we shall thus be able to avoid a decline in income compared with 1976."

## ... Effects of the corporation tax reform

"The corporation tax reform will have an effect on the financial statements for the first time in 1977. It imposes a higher tax on the Company. As a result, with the earnings situation equal, the sum available for distribution as dividend is reduced. We intend to form our dividend policy so that the shareholders, by way of the tax credit, will gain a fair benefit from the abolition of double taxation. The new regulations are unsatisfactory for our shareholders abroad who cannot take advantage of the tax credit. We are endeavouring, by the means at our disposal, to bring about a satisfactory solution for this group of shareholders too."

## Group Balance Sheet at 31st December 1976 (abridged version)\*

Liabilities	DM million	%	Assets	DM million	%
Shareholders' equity	5,276	25	Tangible and intangible fixed assets	8,059	39
Long-term liabilities	8,421	41	Balance resulting from consolidation	541	3
			Investments	657	3
Long-term capital employed	13,697	67	Fixed assets and investments	8,657	45
Accounts payable, trade	1,705	8	Inventories	4,610	22
Short-term liabilities due to banks	1,729	8	Receivables and other assets	6,153	29
Sundry liabilities	3,242	15	Liquid assets	1,360	7
Unappropriated retained earnings of Hoechst AG	287	1			
Short-term liabilities	6,893	33	Current assets	11,403	55
Balance sheet total	20,860	100	Balance sheet total	20,860	100

\* The financial statements have been certified by the auditors. For 1977 a dividend of DM 8.- per share is being paid.

Hoechst Group	1976	1975	1st Quarter 1977	1st Quarter 1976	1st Quarter 1975	Quarterly average 1976	Change against quarterly average %
Group sales	23,485	20,778	5,840	5,590	5,871	5,840	-0.5
Of which abroad	15,723	13,658	3,833	3,645	3,821	3,833	+2.4
Expenditure on fixed assets	1,479	1,732	2,424	2,397	2,413	2,424	+0.5
Of which abroad	1,376	1,221	1,185	1,171	1,195	1,185	-0.8
Profit before taxes	1,376	937	1,239	1,196	1,218	1,239	+1.7
Profit after taxes	580	281	210	215	198	210	+7.1
Net income (in the year)	5,281	5,651	1,359	1,359	1,359	1,359	-0.7
Personnel expenses	6,281	5,651	1,359	1,359	1,359	1,359	-0.7
Employees of which abroad	182,980	182,470	64,359	64,791	64,791	64,359	-0.7

## ... Long-term plans of Hoechst

"We assume that world production of chemicals will increase on average by 7 to 8 per cent annually during the next ten years. For Hoechst we expect an average annual growth of domestic production of 5 to 6 per cent and production abroad of about 11 to 12 per cent. This is equivalent to an overall growth-rate of some 8 per cent. Over half of our planned capital expenditure will be concentrated in the Federal Republic of Germany, one quarter in the other Western European countries and North America. To achieve this aim we shall invest DM 1.7 to DM 2 billion annually in fixed assets in the Hoechst Group. Pharmaceuticals is our declared growth field, if 16 per cent of Group sales was accounted for by pharmaceuticals last year,

this figure may reach over 20 per cent in ten years. We allocate 40 per cent of the Company's total research and development expenditure to this field of activity. For its shareholders Hoechst will certainly continue to be an attractive investment opportunity so that they can participate in the Company's expansion by way of capital increases."

Hoechst Aktiengesellschaft

D-6230 Frankfurt am Main 80

Copies of the English version of the Company's annual report for 1976 are available upon request from

Hoechst UK Limited  
Hoechst House, Salisbury Road  
Hounslow Middx. TW46JH  
Great Britain

Hoechst





# LABOUR NEWS

## Appeal Court turns down new bid to free mail

BY OUR LABOUR STAFF

THE APPEAL COURT yesterday refused another attempt by Mr. Harold Shaw, managing director of Shaw Agencies (Measurers), an dno associated north London companies to free mail locked up at the Crockford sorting office.

Lord Denning, Master of the Rolls, said the court sympathised with the three companies whose mail has been severely affected by the Crockford dispute but had no jurisdiction to make an order against the Post Office.

"In any case, as a matter of discretion in industrial relations, I do not think this court should interfere."

The appeal was brought after a High Court decision by Mr. Justice MacKenna last week refusing an order requiring the Post Office to start handling the mail.

Yesterday's unanimous decision by the three judges came after a claim by Mr. John Peppitt, QC, for the companies, that hundreds of small businesses throughout London's NW2 area were approaching an "acute crisis" resulting from the action of postal workers.

Mr. Peppitt told Lord Denning, Lord Justice Byrne and Lord Justice Goffe that the end of last week there was a backlog of around 1,000 sacks of mail. "It is accumulating at a daily rate of around 300 sacks."

Mr. Harold Shaw, chairman and managing director of the three companies, estimated that

he had up to £25,000-worth of cheques held up.

His clients had "no home to pick" with the Post Office, its employees or Grunwick. "They come to court simply to stay alive commercially." The last delivery of mail to the companies was on July 6.

Mr. Peppitt said the three companies—Harold Shaw, Stephen and John Anthony (Belts) in addition to Shaw Agencies—had a joint float of £10,000-£15,000. By last Thursday the float had dropped to just £200 and the companies were on the limit of their overdraft. Liquidity had become critical.

July was also an important time for clothing companies, which were preparing for the autumn fashion collections. He read evidence of a telephone conversation Mr. Shaw had had that morning with Mr. Tom Jackson, general secretary of the Union of Post Office Workers.

Mr. Jackson told Mr. Shaw, "You may state officially that any last meeting with the Post Office I offered, with the approval of the men, that the men would return to work without pay in order to clear all existing mail at the Crockford sorting office and thus alleviate any unnecessary hardship and suffering. My offer was refused by the Post Office."

Mr. Peppitt said it was understood that this offer did not include mail addressed to Grunwick.

Mr. Anthony Lincoln, QC, for

the Post Office, said the corporation recognised that an injury was being done to an innocent person and had expressed every regret. The Post Office contended, however, that it had no obligation to hand over the mail.

To recognise such an obligation would be to drive a nail through the Post Office's

Mr. Lincoln said that postal workers were forbidden by the Act to take "discriminatory action." If they were allowed back to the sorting offices to deal with non-Grunwick mail it would be discriminatory.

If the Post Office changed its attitude it could have serious consequences for the future of discipline within the Post Office. If the Appeal Court ordered the release of mail it would be seen as a clear victory for the postmen, Mr. Lincoln declared.

Mr. Shaw said after the hearing he was very disappointed in British justice. It appears the courts are now afraid to dispense justice.

There are hundreds of people more seriously affected than I am, but I assume that industrial relations are more important than the rights of individuals these days."

Mr. Sam Silkin, the Attorney General, yesterday told MPs he would not intervene to prosecute Mr. George Ward, managing director of Grunwick, for his failure to submit the company's annual returns. He told Mr. Dennis Canavan (Lab, West

## Casual labour 'jobs jungle must go'

By Nick Garnett, Labour Staff

THE CONSTRUCTION industry's "employment jungle" of casual labour must be replaced by permanent employment and job security, Mr. Moss Evans, general secretary designate of the Transport and General Workers' Union, said yesterday.

The first step in tackling the problem would be the creation of a new-style Construction Industry Manpower Board put on a statutory basis, said Mr. Evans.

The Board would then have the task of financing and coordinating a scheme to decentralise labour, based on the registration of employers and operatives in building, civil engineering and the specialist trades, together with some allied industries. Orders from the public sector would be limited to registered companies.

"I think a safer and more permanent employment industry is one that would enable forward planning of a more rational nature than we have at present," Mr. Evans said.

He also suggested a two-tier system of rates for casual labour. An external rate would be used for sterling and international financial transactions, and a lower rate for internal transactions.

Mr. Evans, writing in the magazine National Builder, said that the housing market needed lower interest rates to bolster demand and help cut the industry's unemployment pool of more than 200,000.

It would also make more sense to pay many of these unemployed workers to work instead of forking out unemployment benefits. "The employment of the unemployed would be an investment for the future and would do much to public expenditure."

"By using this unemployment pay to pay wages, and by taking into account the tax on this income, the extra monetary outlay would be small but the value of the production that would take place would far outweigh this small increase in public expenditure," Mr. Evans said.

The Transport Workers' building and construction group national committee decided yesterday to press for better incentive schemes.

The committee said that the schemes would be self-financing, would be in line with the Government's counter-inflation policy and should help the industry increase its output.

It was also looking for more Government money for construction than was announced in last week's economic package.

Mr. George Henderson, the union's national building secretary, is asking other unions and the TUC to support as priority policy a 33-hour week and the decentralisation of labour in the construction industry.

## Leyland 450 sit in for £10 parity rise

ABOUT 450 workers at British Leyland's Guy Motors truck factory at Wolverhampton staged a sit-in strike yesterday in support of a claim for a £10-a-week

The man, the total workforce, say that the rise would bring them in line with workers at Leyland's bus and truck factory at Preston.

The 450 members of the Amalgamated Union of Engineering Workers, complain that the management has broken a verbal agreement by refusing to give them the rise.

Mr. George Ward, Grunwick managing director, was at yesterday's hearing, which on its fourth day had moved to the Government Press Centre in St. James's.

Mr. Sedley said that it would be as unfair to regard Mr. Jack Gromey, the trades council secretary, as architect of the dispute as it would be to regard Mr. Ward as the cause of the troubles.

The trades council recognised that Grunwick was not just another dispute. "It would consider that it had failed in its job if it had not been sensitive to and responded to the real issues with a very wide-ranging and united opposition from all geographical areas."

"It is something on a scale rarely seen in this century in the course of a dispute."

He accused the company's supporters of resorting to "actions" like the allegation that the mass pickets were merely a "rent-a-crowd."

To explain organisational success a hogsmyth has had to be found in order — it is hoped by those who point the finger — to discredit the strike itself.

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# APPOINTMENTS

## Careers in Corporate Banking

Chemical Bank is the sixth largest bank in the U.S.A. currently with assets of \$15 billion and with some 400 staff based here in London.

In order to cope with our continued expansion in the U.K. we are now looking for several people, male or female, to train for careers in Corporate Banking. Successful applicants must be graduates, possibly in a numerate discipline, having at least one or two years commercial or industrial experience, possibly as a management trainee or similar and be aged 22-26. Formal training in banking or an equivalent financial area could be attractive to us though equally you may have gone into industry and are now looking for a change of career.

The most important requirements for a successful candidate are individual initiative, mature judgement and the ability to deal effectively with people. Combined with this must be a desire and capacity to learn and apply our techniques.

If you join us you will receive a thorough training in credit appraisal and all aspects of international banking in order to equip you to market our sophisticated financial services to major British and multi-national corporations.

You will be advanced as quickly as individual ability permits and in addition to an excellent starting salary, an attractive benefits package will be provided including low cost mortgage and loan facilities, non-contributory Pension Scheme, B.U.P.A. and profit sharing.

If you think you meet our requirements, please write fully including details of present salary to: Tony Smith, (Ref RES), Deputy Personnel Manager, Chemical Bank, Chemical Bank House, 180 Strand, London WC2R 1ET.



CHEMICAL BANK

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Candidates should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

## COMPANY NOTICES

### PAN-HOLDING S.A.

Luxembourg  
As of June 30, 1977 the unconsolidated net asset value was US\$108.89 per share of \$10 par value, showing an increase of 1.32% as per December 31, 1976, while over the same period the Dow Jones Industrial Index declined by 8.79%. This value was before payment on July 1, 1977 of a dividend of US\$2.25.  
The consolidated net asset value per share amounted as of June 30, 1977 to US\$117.62.

### REPUBLIC OF AUSTRIA

8 1/2% Bonds 1990

#### NOTICE OF CORRECTION OF SERIAL NUMBER

In the advertisement published in this paper on 14th July, 1977 showing a list of serial numbers of bonds drawn for the redemption instalment due 15th August, 1977, the number 25604 was printed in error and in order of sequence should have been 25604.

S. G. Warburg & Co. Ltd.,  
30, Gresham Street,  
London, EC2P 2EB.

19th July, 1977.

Continued from previous column

At an adjourned meeting of the holders of Bonds of the 8 1/2% per cent. 20 year Second Secured Debentures of the Republic of Austria, held at the Office of the Registrar of Companies, 15, Abchurch Lane, London, EC4N 3DF, on 15th July, 1977, the following resolutions were passed:

Resolved that the rate of exchange of the Austrian Schilling to the Pound Sterling shall be 13.7603, and that the rate of exchange of the Austrian Schilling to the Deutsche Mark shall be 13.7603.

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## LEGAL NOTICES

No. 2239 of 1977  
In the HIGH COURT OF JUSTICE  
Chancery Division  
The Matter of THE COMPANIES ACT 1948  
NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 12th day of July 1977 presented to the said Court by THE

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

[REDACTED]

## COMPUTERS

# pillers makes big network decision

ERS, which for some years love/hate relationship with ighs Machines, has come arthur out on the side of gals in a move towards the shment of a big network cessors for its 70 manuf- cing sites.

ew order placed with the ater company specifies the of 48 AES01 audit entry es and three B80's. This is ad to the 200 or so 's and TC3500's already in

Office lines, are recolling from the costs involved and seeking to raduce transmission lo a minimum.

More information on the Spillers decision from Burroughs at Heathrow House, Bath Road, Cranford, Hounslow, Middlesex. 01-759 6522.

## EEC project goes ahead

## EEC project goes ahead

At the moment, the group is worth some £33m. of Burroughs' investment, supported by a dual order for B6700 system at the start of the 1970s for management systems, in Croydon. Spillers is now spending about £2m. on extra equipment over the next several years, and it is by what Brian Glendon, the group's director of management systems, calls a "supermini" machine to augment the big machines.

Spillers' move towards integrated processing has been the light of the programme of decisions taken by the company to give its local factories a much greater degree of autonomy in the handling of generated information.

It implies that many groups would hitherto have opted for central processing and distribution of vital data over Post Office

FIRST of the projects within the EEC's proposed computer industry and user support package has been given the go-ahead. It is a study of a Europe-wide legal information retrieval system to be put together by a four-company consortium over the next 18 months.

The companies are France's SEMI (Informatic and Ingenierie Informatique), the U.K. Seicon Consulting and Studiengrafia System; Forschung of West Germany.

The study will cost £250,000, is to define the requirements, specify the hardware and software to be used, and prepare a plan. It is also to look at possible communications methods, though it is expected that at the end Euronet (the EEC funded common data network) will play a substantial role.

If implemented, the scheme will have a considerable impact

on the shaping of data communications facilities within Europe. The brief given to the consultancy indicates that the system study is for a service which would be accessible to the legal profession, and to outsiders and not narrowly based on the requirements of lawyers.

It will have to be large, and the on-line storage requirements predicted by the study will make interesting reading.

Promulgation of laws in the countries of the EEC continues to be one of the major growth areas.

Whether or not the system will provide straight information retrieval with full text in the original language, or something more complex, is also a major point. It is unlikely that any form of automatic translation will be involved; the technology is still not ready for that, though versions in the case of EEC law, in which the different languages are legally binding.

Probably the minimum requirement to enable a user to wade through the mass of laws which exist on practically all topics in the scope will require an indexing and access scheme which allows all laws and references to laws to be accessed simply, any topic being retrievable by one inquiry, irrespective of the language in which the law concerned may well be written, be it in six or seven languages. This would make the software solutions required a source of expertise for years.

## Coral drive continues

The National Computing Centre has been awarded a three year contract from the Science and Technology Systems and Electronic Requirements Board (CSERB) to continue to provide support to CSERB members in the use of language for real time time sharing computing.

The support will include developing an advanced course on real time computing, producing publications, distributing a newsletter and continuing work on real time systems.

NCC will continue to be guided and helped by the CSERB Group, which is the representative body of CSERB member suppliers. Part of the CSERB contract is for support of the Group.

NCC at Oxford Road, Manchester M1 7ED. 061-228 8333.

## Centre-File power boost

DEMAND FOR the talents of Centre-File, services wing of the National Westminster Bank, has risen to such an extent that the bank is to bring in fresh computer power—an IBM 370/155 with a two Megabyte core. This will be switchable with existing similar machines at the Centre-File computer complex, adding between 35 per cent and 40 per cent more processing power for the expansion of existing services and the development of new ventures.

More from the company on 01-405 8700.

## Standard keyboard

The existing British Standard for calculators and adding machines, BS 1909, has been replaced by a new version BS 1909-2, mainly to keep up with the development of modern machines. Publication is to be in two parts: the first deals with the numeric series of ten-key key-operated calculators and adding machines dealing with layout, shape of keys, type of plane, maximum key-stroke and so on. The second part with function keys. The adding machines to be followed shortly by a similar document for calculators.

Each part of the standard costs £20 and may be obtained from the British Standards Institution, 1, Pentonville Road, London N1 9ND.

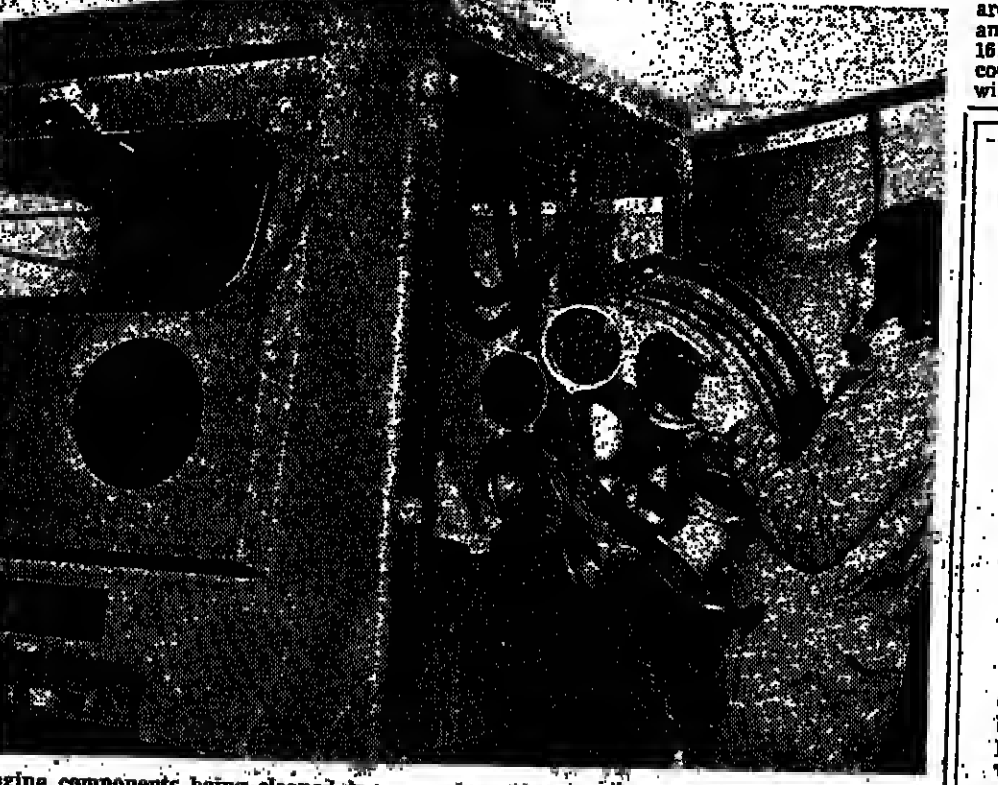
## Office work by micros

OGABA, spearhead of the  
peripheral-peri-informatika export  
drive, is bringing out several  
new desk-top computers for use  
in office work. They fall in the  
price bracket £3,500 to £5,000  
and are based on a powerful  
micro-computer.

The first two available in Britain  
are the magnetic ledger 2100 and  
the dual floppy disc and  
RAM memory 2500. Later a unit  
combining these two facilities  
will be released and various

## Shell goes distributed

ing it—Shell U.K. Oil has  
ained the growing list of major  
omputer users to opt for  
distributed working.  
In this instance, the Shell  
der is for a network of 14  
stema around the country.  
asked to the company's Univac  
10 at Wythenshawe, near Man-  
chester.



two Abrasive Developments' Vaque cleaning machines, recently at Hants and Sussex Aviation to replace 10-year-old machines. The new machines are being used for the cleaning of both stainless steel and Nimonic turbine components.

# Materials Plastics glazing

[illegible]

## ELECTRONICS

### Modem on chip

LONG ago a modem—the used at the two ends of a telephone line to turn data into a form suitable for transmission—amounted to a sizeable desk-top unit.

Motorola has reduced both the size of single-chip integrated circuit MC14412 and the amount of wiring that is needed in a crystal clock and the crystal supply.

Mounted on the chip survive the oscillator circuit, an address decoder, a bus suppressor, tone generator, data receiver, and a data transmitter and answer modes, the chip can be configured for any for simplex, half-duplex or full duplex operation. It also has a 16-bit shift register, a 16-bit counter, facilities and a test mode.

Filter. Data rates can be selected from 0 to 200, 0 to 600 bits/sec. Both digital and analog packaging is available.

MC14412 is Motorola's Empire Way, Wembley, England.

Ex H&A, OPR (01-902)

## Automating courts

has placed the first big order for the recently announced rugged electronic fuel dispenser and is spending some \$200,000 to re-equip about 100 gasoline pumps in the U.S. to accept the new equipment. As petrol prices approach \$1.00 per gallon every day, this decision for the future and the new equipment it now going in will be well justified by the end of the year.

Every Hardoll units produced include dispensers, electronic console and control box. At many locations units are to be equipped with a service through pre-arranged note acceptor.

At the same time, Ferranti has made modifications to its equipment, including the use of a pre-paid card value to be used at each pump and to bank note acceptors. This is now may be changed to cash.

The new equipment has approval from both the Department of Prices and Consumer Affairs and BASEEFA. Hardoll is at Leigh Park, near London, and the appropriate department at the Midlothian.

## EQUIPMENT

case tery pack inside which can contain normally used

**Desk-top copier**

CASSETTES each sheet of paper size the latest electrostatic machine to be marketed by Microphax.

Head Office: Oxford (775621).

The machine is laid on a case, the lid opened, the paper is placed in the machine, the lid is closed, the paper is then thrown on the screen on the machine. Magnification times can be programmed in from a halogen lamp.

The Executive Unit will operate as a small transportable unit. It is available from Off-Office House, St. London W1A 1EA.

The Avery-Hardoll  
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on Street,  
636 3686).

# DKB'S ECONOMIC JOURNAL

July 1977: Vol. 6 No. 7

# Macro and micro gap is starting to become wider in domestic economy

the world economy, has continued to remain stabilized. Britain, and France and other countries in Western Europe, with the lone exception of West Germany, suffering from common currents, such as the hand-out of personnel, increase of unemployment and the progress of inflation. The drop of domestic business activity in such countries has prevailed to payase.

On the other hand, the U.S. economy, which has an imminent hearing on the course of the Japanese business, has conducted a vigorous upswing. It is the gross national product in the first (January-March) quarter of this year registered a growth of 6.9 per cent annual rate.

The gap between macroeconomic and microeconomic is has become more continuously wider in the Japanese economy in recent years.

According to the preliminary statistics announced time ago, the nation's national product in the January-March quarter of 1977 registered an unexpectedly growth of 2.5 per cent in the previous quarter in terms (gain of 10.4 per cent at an annual rate).

As a result, the real growth of GNP in fiscal 1976 (April-March, 1977) registered 2.5 per cent.

In itemized breakdown, the real growth in the January-March quarters was statistically supported by expenditure etc. (up 6.2 per cent in the previous quarter), current fixed capital investment (up 12.7 per cent), private housing investment (up 7.4 per cent). In the private inventory investments registered a sharp increase of 25.8 per cent, in the continued progress of inventory adjustment.

According to the short-range business forecast by the Bank of Japan, (as of this year's pre-tax profit of the manufacturing sector registered a decrease of 7.6 per cent in the second half (October, 1976), (April-September) of the 1976 term after a sharper increase of 17.3 per cent in the first half (October, 1975-September) of the 1975 annual term of 68.9 per cent in the first half (April-September) of the current (1977) term.

On the other hand, the annual term is estimated to record a decrease of 7.1 per cent from the previous half-year term.

The major factors in the microeconomic phase also are deteriorating. For example, the number of corporate bankruptcies has continued to stay at a high level, and the equipment operating rate has remained stagnant.

### Production seesaws

Mining-manufacturing production, which continued a bearish seesaw from the second half of 1976, made an unexpectedly sharp gain of 2.5 per cent over the previous month in March, this year (on a seasonally adjusted basis) and continued a moderate increase of 0.9 per cent in April.

Despite such signs of a steady rally, the production forecast index in the manufacturing branch envisages a meager gain of 0.1 per cent in June after a drop of 2.6 per cent in May. Industrial production thus is expected to continue to mark time at a low level for some time.

Meanwhile, shipments in the manufacturing branch in April decreased by 1.0 per cent from a month before, while inventories in the same month swelled modestly by 0.1 per cent. In the movement of inventories in April in key industries, the decreases from the previous month continued in iron-steel, chemicals, textiles and general machinery. The inventory index of manufactured products held by producers (1970=100) in April still stood high at 124.6. Against this backdrop, inventory adjustment is likely to continue brisk for some time.

### Business propping steps

The Government has continued to take business bolstering measures. Long-term interest rates have been lowered again after the slashes of long- and short-term rates in April and May. Public works contracts have been advanced with top stress in the first half of the current fiscal year. Whether such additional measures in fiscal and monetary phases for shoring up business prove tangibly and swiftly effective, however, remains to be seen.

In the phase of fiscal expenditure, the increase of governmental payment related to public works projects over

the year-ago level stood high at 30.9 per cent in May after the comparable hike of 10.9 per cent in the January-March quarter and 12.1 per cent in April. Fiscal expenditure thus is expected to remain relatively stiff and to give a sufficient spur to business buoyancy in the first half (April-September) of the current fiscal year.

In the phase of private housing investments, housing starts in March registered a decrease of 1.2 per cent from a year before after a similarly bearish keynote in February. However, the general trend of private housing investments is likely to continue steadily in view of the Government's program for encouraging housing starts; although a sharp growth as was the case some time ago cannot be expected in this phase.

With reference to personal consumption expenditure, the real income of wage-earners' households in March showed a comfortable gain of 16.4 per cent over a year before, according to the household budget survey. On the other hand, however, consumption expenditure in the same month made a more modest increase of 9.6 per cent, nominal, and 0.2 per cent, real.

Despite a prospective support in the form of the tax rebate to be given by this Government, personal consumer expenditure is destined to remain dull for some time in view of the deterrents, such as the modest wage raise (8.8 per cent) through the spring labor struggle for higher pay this year, the moderate increase of summer bonuses and the delayed rally of employment (the effective opening to application rate in April standing low at 0.59-fold).

Private plant and equipment investments have continued sluggish. Shipments of capital goods (exclusive of transportation machinery and seasonally adjusted) have continued unstable, gaining 1.2 per cent over a month ago in February, sagging 0.2 per cent in March and swelling 3.2 per cent in April.

Interest rates have been declining in recent months. However, the investment mood on the part of enterprises has continued weak because of the uncertain outlook of domestic business and the still low operation rate. Plant and equipment investments thus are not expected to start a

Exports on a customs clearance basis in May continued to show a gain of 14.7

per cent over the year-ago level. However, its growth tempo has been steadily slackening. This trend is likely to continue in view of the rising overseas move for curbing imports from Japan and the impact of the rising yen exchange rate, although the gradual rally of U.S. business will provide a support.

All in all, the real state of economy is following a recovering keynote from a macroeconomic standpoint, but its rallying pace is rather timid.

### Prices

Wholesale prices have begun to calm down in contrast to the continued soaring of consumer prices in recent months. This price pattern appears to have become fixed.

The advance of wholesale prices in May was limited to 0.1 per cent over the previous month, because of the slackening of the supply-demand balance. Compared with the year-ago level, wholesale prices in May registered an advance of 3.4 per cent, the lowest hike since January, 1976 at 2.4 per cent.

On the other hand, the consumer price index in the Tokyo metropolitan district in July showed a steep increase of 0.9 per cent over a month before. It also recorded a year gain of 9.4 per cent over year before.

The stiff keynote of consumer prices is bound to continue in view of various incentives in store, particularly the stiff rising keynote service charges.

### Corporate finance

The money market has maintained relatively calm despite a modest seasonal stiffening. This trend is ascribable to two major factors: 1) The increasing tempo of the Bank Japan note issue has been under pressure of the economic slump, particularly stagnation of personal consumption; 2) The monetary policy of the central bank has continued an easy money attitude.

In the phase of corporate operating outlays, have stayed behind.

In contrast, the lending policy on the part of monetary institutions is comparatively elastic while the window guidance (the curb on loans by private banks) by the central bank have been lenient. Against this backdrop, corporate finance is expected to remain easy, at least for the time being.

Meanwhile, the corporate liquidity has begun to show signs of declining gradually. According to the short-range corporate business survey by the Bank of Japan, for example, the fund liquidity (the balance of cash and deposit holdings and securities in portfolios divided by average monthly sales) of corporations in all industries dipped to 1.21 months at the close of March, 1977 from 1.29 months at the end of June, 1976.

In a breakdown of its components, the ratio of securities in portfolio (short-term securities held divided by average monthly sales) stood almost intact in the interim.


On the other hand, the ratio of cash and deposits (the balance of cash and deposits divided by average monthly sales) sagged to 0.89 month from 0.97 month. This is a noteworthy trend in the recent trend of corporate liquidity.

Reflecting the retreating ratio of cash and deposits, the growth pace of money supply has been slackening. The growth of the average balance of M<sub>2</sub> over the year-ago level, on the gradual downgrade after a peak of 15.2 per cent in June, 1976, stood low at 11.5 per cent in April, 1977.

### Considered

mainly responsible for this trend is the slowdown of the increase of loans by monetary institutions based on the following factors:

- 1) Corporate fund demand to finance investment projects has continued noticeably calm for months due to the still wide supply-demand gap and the delay of the real economic recovery;
- 2) Many enterprises have started moves to reduce financial expenses.



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Singapore, Kuala Lumpur, Jakarta, Manila, Melbourne, Sydney, New Hebrides.



# PARLIAMENT and POLITICS

## TWO MINISTERS FACE TORY ATTACK

THE TORIES strong attacked Mr. Anthony Wedgwood Benn, Energy Secretary, and Mr. Eric Varley, Industry Secretary, in the Commons yesterday over the Government's controversial decision to go ahead with the Drax B power station and to give the orders to C. A. Parsons.

Mr. Varley angrily rejected Conservative calls for his resignation over week-end reports that he had been overruled in Cabinet on the project.

Both Ministers claimed that although it had not been achieved so far, Government support for the restructuring of the power plant manufacturing industry remained unchanged.

Faced with Opposition charges that the Government was merely acting out of political expediency, Mr. Benn argued that had the order for Drax B not been given immediately, a whole section of the heavy electrical manufacturing industry would have "blacked out".

From the Labour benches, there was widespread praise for the award of the contract, although some Labour MPs were critical that it should have gone to Parsons, instead of Sir Arnold Weinstock's General Electric Company, and were worried about the effect on GEC.

Mr. Benn was also pressed to say what would happen if GEC now put in a competitive tender at a lower bid for the power station. But on this point, he was studiously non-committal.

## Minister looks for industry expansion

By Ivor Owen

MANUFACTURING industry has good prospects of achieving a sustained and soundly based expansion, Mr. Alan Williams, Industry Minister of State, assured the Commons yesterday. He stated that CBI forecasts and those of the Department pointed to a "very substantial increase" in investment in the next 12 months.

There was a possibility, said Mr. Williams, that 1978 would see a return to the level of investment last attained in 1970. Earlier, Mr. Eric Varley, Industry Secretary, gave details of a new Product and Process Development Scheme, which has been given an initial allocation of £20m.

The scheme, now open for applications, consolidates and extends the support available under the Science and Technology Act, 1965, for the development of new products and processes by manufacturing industry.

Mr. Varley explained that assistance would be available to firms for development costs from the design stage up to the point of commercial production.

Mr. Varley stated that projects from any sector of manufacturing industry would be eligible for consideration, though the main thrust of the scheme would be towards mechanical and electrical engineering.

Assistance would be given on a selective basis and would normally take the form of a grant up to 25 per cent of qualifying costs or, as an alternative, a loan at a low rate of interest.

Under this, the Government would provide up to 50 per cent of qualifying costs in return for a levy on commercial sales.

Mr. Varley gave the following criteria for assistance under the scheme, "the project or programme must be likely to be successful and to contribute significantly to strengthening the company's capability."

**Leyland funds**  
A STATEMENT about the next instalment of National Enterprise Board funds for British Leyland can be expected shortly.

Mr. Gerald Kaufman, Minister of State for Industry, said in the Commons yesterday that the Secretary of State (Mr. Varley) was considering recommendations made to him by the NEB.

## Government firm on 12-month pay rule

AN ORDER to renew sanctions against firms which break the 12-month pay settlement rule will be brought before Parliament before the summer recess.

But Government spokesman Lord Oram assured peers yesterday that the sanctions would not be used to support other aspects of the Chancellor's pay policy statement. Nor would they involve use of the price freeze powers in the new Price Commission Bill.

He was answering a Tory bid during the Bill's report stage to suspend the Government powers to intervene in price rises until the TUC had passed a resolution underlining the 12-month rule.

Lord Oram said that the Tory move was unnecessary because continuation of sanctions would be debated before the end of the month—well before the TUC met in September.

He said that the Order under the Remuneration Charges and Grants Act would continue the 12-month interval through disallowing the full cost of settlement of the rule in calculations made for margin controls under the Price Code.

Earlier, the Earl of Mansfield (C) said that the social contract in ruins and Government pleas that wage settlements should be about 10 per cent by agreement of third parties.

## Hopes for Bill on medical profession

THE GOVERNMENT accepts the principal recommendations of the Morrison Committee on the regulation of the medical profession, Mr. David Ennals, Social Services Secretary, said yesterday.

In a Commons written reply, he said that if Parliamentary time could be found, the Government would introduce a Bill reconstituting the General Medical Council, along with the Morrison lines, with the requirement that there should be a majority of elected members.

The reconstituted council would be required to establish an education committee with a majority of appointed members which would take over the council's medical education responsibilities.

The Bill would also give the council powers to control the registration of doctors until to practise on health grounds.

**Postal delivery complaint**  
POSTAL DELIVERY between London and Paris takes twice as long as before the French Revolution, Lord Boyd-Carpenter said in the Lords yesterday.

Government spokesman, Lord Waterbottom, replied that the problems arose almost always on the other side of the Channel.

# Drax: Difficult but right decision, Benn claims

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE DECISION to go ahead with that industry to go out of Drax B was condemned by a Tom King, Opposition energy spokesman, as having been taken "in the teeth of advice" from the Central Policy Review Staff, the National Enterprise Board, the CEBG and Mr. Eric Varley, Industry Secretary.

Mr. King told Mr. Anthony Wedgwood Benn, Energy Secretary, that rationalisation of power plant manufacturing was essential if the international competitiveness of that industry was to be maintained.

"We only regret that through political expediency the Government has thrown away their best card for achieving it," said Mr. King.

He pointed out that the Government "Think Tank" report had said that there was no future for the British industry unless it was rationalised. So what hope could there be for British power plant companies in the export market when the Government had actually decided to hush the fragmentation of the industry?

Mr. King wanted to know if legislation would be needed in enable compensation to be paid to the CEBG for having brought forward the order before it was needed.

Mr. Benn told him that discussions had begun with the CEBG on the question of compensation. He pointed out that the last Tory Government had given an order for the Ince B power station to Parsons with compensation being paid to the CEBG and without the order being put out to competitive tender.

Mr. Benn said that every effort had been made by Mr. Varley to arrive at a restructuring of the industry, but it had not been possible to achieve that objective. The Government believed that the long term interests of the industry required a firm home order programme.

It would not have been right to allow an important section of

that industry to go out of existence, thus pre-empting a Tom King, Opposition energy spokesman, as having been taken "in the teeth of advice" from the Central Policy Review Staff, the National Enterprise Board, the CEBG and Mr. Eric Varley, Industry Secretary.

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Mr. Benn... firm home order programme.

to finance projects to advance of demand.

In addition, he demanded that if GEC did make a bid for the order, the terms of the tender should be made public.

In reply, Mr. Benn wondered, in view of Mr. Nelson's statement, what the Tories would do about the nuclear industry. He pointed out that this would not survive at all without public funds. Yet the Tories were continually pressing the Government to go ahead with nuclear power stations.

Mr. Mike Thomas (Lab., Newcastle E.), whose constituency includes the Parsons factory, said there would be relief on Tyne and in Scotland at the announcement. It would save at least 1,000 jobs in the short term and provide a basis for getting export orders.

But Mr. Joe Dean (Lab., Leeds W.) said that GEC workers needed reassurance.

about their future. They had undergone redundancies and now took a very dim view of the situation.

In reply, Mr. Benn seemed to be hinting of the possibility of nuclear power plant orders going to GEC. He said that a choice had to be made about thermal reactors, which would result in nuclear orders and there were other possibilities.

There were some angry exchanges when Mr. Michael English (Lab., Nottingham W.) said that Parsons workers were the unfortunate employees of an inefficient company.

This brought angry denials from the Labour benches and Mr. Benn told Mr. English: "I absolutely disagree with you about the quality of design and skill of Parsons workers. The company had a 'distinguished' record at home and abroad."

● In the Lords, Lord Campbell of Croy (C.) said: "This decision has clearly been taken as one of immediate expediency to save some jobs now. But there is the danger that it could well jeopardise more jobs in the industry in the longer term."

Lord Carrington, Opposition leader to the Lords, complained: "The Government has decided to spend £800m to build a power station which is not necessary, and to go ahead with nuclear power stations."

Lord Sainsbury, replying, said that the Government had certainly not abandoned the objective of long term restructuring. Although considerable progress had been made, it had not at this stage proved possible to find an acceptable basis of restructuring.

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# Varley urged to 'resign and argue your case'

BY IVOR OWEN, PARLIAMENTARY STAFF

WHILE REJECTING Opposition suggestions that he should resign, Mr. Eric Varley, Industry Secretary, emphasised his regret that it had not proved possible to secure the restructuring of the heavy electrical plant manufacturing industry at the present stage.

There were cheers from both sides of the House when he insisted: "What we are talking about is not a single power station order, but getting an industry capable of being internationally competitive, moving to find something like two-thirds of its work from abroad."

Mr. Kenneth Clarke, a Conservative industry spokesman, spotlighted what he termed Mr. Varley's "personal position" by contending that, despite arguing the logic of his industrial strategy, the Minister had found himself defeated by those in the Labour movement who wanted to spend public money in response to political lobbies.

He recalled that Mr. Varley's views in favour of restructuring

had been backed by the Downing Street "Think Tank" the National Enterprise Board, and the Central Electricity Generating Board. But they had been rejected in favour of the order of the National Union of Miscellaneous Workers and Mr. Mike Thomas (Lab., Newcastle E.), leader of the Parliamentary campaign to secure the turbine generator part of the Drax B order for C. A. Parsons.

"You should resign and argue your case properly," Mr. Clarke told Mr. Varley. Textily, Mr. Varley retorted: "I don't really want lectures from you on whether I should, or should not, resign."

He stressed that the restructuring of the industry could be secured on a voluntary basis. It was true that the objective had been supported by all the bodies mentioned by Mr. Clarke, and he thought it unfortunate that the Heath Government had not proved possible.

"I hope that, at some stage in the future, we can get back the discussions," he stated.

Mr. Anthony Nelson (C., Chichester) urged the Minister to use his influence to ensure that any tender or bid submitted by GEC for the Drax B order was published. With a number of side-step, Mr. Varley pointed out that questions relating to power station orders should be addressed to Mr. Benn.

Tory MPs cheered Sir Keith Joseph, shadow Industry Secretary, when he accused Mr. Varley of adopting a position implying that the order would go "to the company" which makes the most noise rather than the company which produces the best price for the job.

Mr. Varley retorted that Sir Keith should be one of the persons to seek to give instructions about the playing of orders for power stations. He had been a member of the Heath Government who had authorised the advance ordering of the Ince B power station and singled out Royliffe Parsons for the work.

## Young Liberal ambitions

BY JAMES McDONALD

THE NEED for individuals to specific issues. The Liberal Party "may have with common interests in the banks, building societies and insurance companies, as a step towards breaking them up and putting them under community development."

"For community spirit to develop communities, and this is done most easily by co-operative economic life, rather than action by the institutions of the credit-unions, swapshops, co-ops, mutual ownership groups (for example for consumer durables) a Young Liberal Approach, and local action committees on Whitehall Place, London, S.W.1."

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## The dissenters

Meeting recently in Paris, a group of economists—the Shadow European Economic Policy Committee—took a long look at orthodox economic policy, and came up with their own analyses and advice for finance ministers in Germany, Britain, France and Italy.

Death knells are always being sounded for London's merchant banks, but they live on and prosper. This year's survey by The Banker of the merchant banking scene takes a look at their prospects and at the fortunes of some of the foreign competition—in Europe, the United States, and Australia.

**Weathering well**  
The farmers are feeling parched in California's record-breaking drought. But the economy is in full bloom, set to outpace the rest of America for several years yet.

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## Steel demand improvement 'unlikely'

BY IVOR OWEN, PARLIAMENTARY STAFF

THERE IS little likelihood of Commons yesterday when he said that the industry operated at about 60 per cent of capacity in June.

"It now seems unlikely that there will be any significant improvement in demand before the end of this year," he stated.

Mr. Hucklefield denied that the industry was in a situation in which the level of losses of the British Steel Corporation was running at an unacceptable rate.

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## World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on July 13, 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases dollar rates have been calculated from those of foreign currencies to which they are linked. Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (K) Scheduled Territory; (O) official rate; (F) free rate; (T) tourist rate; (N.C.) non-commercial rate; (N.A.) not available; (A) approximate rate; (B) bank rate; (S) selling rate; (B) buying rate; (N) normal; (C) commercial rate; (M) convertible rate; (F) financial rate.

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practising accountant rebuts last week's article by Professor Reid

## CCA—a counterblast

JEFFERY ENGLISH

PROFESSOR Walter Reid's "Picking up the pieces of CCA" makes a fascinating but contains four fatal

stly, he says that the United Standards Committee has re-affirmed its belief in a generally-accepted system of cost accounting is "necessary." It has nothing of the sort. It has affirmed its belief that "a of accounting in the face of inflation" is urgently necessary which is an entirely different matter.

reduces specific prices for individual items, does not reflect "inflation" the vast majority of the value of money. CCA is a different animal.

must put the English Institute of Chartered Accountants' resolution into perspective. What happened was after a great deal of work search the accountants up with a new accounting system called Current Purchasing Power—CPP—which

Power—CPP—which the effects of, and so for four years ago and need some proposals in an draft prior to production.

then-Chancellor of the Exchequer, Mr. Anthony Barber, put together a lay committee to examine the whole of the proposals, and so bought a two-

course the Sandilands report, turned the CP and instead proposed Cost Accounting—CCA.

is nothing to do with inflation. The Sandilands report gave the impression that the Government would have to pass the bill on July 6 of this year.

the effect that CCA would become compulsory, wages are threatened that the company manufactures pocket calculators, which five years ago sold for £80 but now fetch a system of inflation less than £10. They are not by 10 per cent, we're doing

on to spoil the effect the value of the company's profits. If it re-stated its figures which is by far most accurately reflected by the Retail Price Index, on which CPP is based.

They are not particularly interested in whether the company uses special machinery, the increase in the cost of which has far outstripped the RPI. They are not concerned (unless their dividends are threatened) that the company manufactures pocket calculators, which five years ago sold for £80 but now fetch a system of inflation less than £10. They are not by 10 per cent, we're doing

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NO OTHER subject has caused so much controversy in the accountancy profession as the search for an acceptable system of inflation accounting, Michael Lafferty writes. Last Wednesday Professor Walter Reid of the London Business School argued the case for a simplified system of what is called current cost accounting (CCA), whereby companies would account for the specific effects of inflation on their own assets.

Not all accountants agree with the concept of CCA, believing that a more appropriate method of accounting for changing price levels would be current purchasing power accounting (CPP). Essentially, CPP is a method of re-stating conventional accounts in constant money terms by the application of the Retail Price Index to individual figures in the accounts.

CPP was the system favoured by Britain's accounting bodies until the Government's Sandilands Committee of Inquiry came down in favour of CCA in September, 1975. Here, Mr. Jeffrey English criticises the relevance of CCA and argues that what is really needed is a CPP system of inflation accounting.

CCA deals with individual price-rises of individual assets, whereas inflation, as it is generally understood, deals with the fall in the value of money. Individual price-fluctuations of items which are used or dealt in are of vital importance to management—and for management the accounting CCA is indeed a useful tool. But what we are presently discussing is the annual accounts as published once a year to the only two groups who are really interested in them—the shareholders and the employees.

Both groups are interested in only one thing—how much they are going to get from the company, be it dividends or be it wages and salaries, and what that is going to be worth to them. And the worth to them is by far most accurately reflected by the Retail Price Index, on which CPP is based.

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and quantify the slippage. CCA does not.

This is where Professor Reid's second flaw emerges. He states that "what is required is an accounting system which reflects the specific price-changes which have affected the business." Required by whom? Management—one sincerely trusts—does not save-up all its management decisions and take them only once a year, based upon the published accounts.

Management does indeed need to have its decisions upon "the specific price-changes which have affected the business" and could find a use for CCA. But we are not talking about management accounts. We are talking about annual accounts as presented to the shareholders and to the employees, and with them, rightly, their unions.

What is required for management may well be CCA—but what is required for the annual accounts is the value to the shareholders of their dividends, or to the employees of their remuneration. Employees in the pocket calculator industry have certainly not expected a 90 per cent reduction in their remuneration over the past five years.

I have said that there are only two groups who are interested in the published accounts—the shareholders and the employees. Others read them. Creditors are not really interested in what happened maybe over a year ago, and do not rely upon them. The revenue uses them for assessing tax, but as Professor Reid so rightly observes, the Revenue has already taken the sting out of "inadequate depreciation" by giving 100 per cent first year allowances.

That is the first great advantage of CPP over both CCA and historical accounting. The second great advantage is in comparing one year with another. If a company sells £100 worth of goods in the first year and £110 in the second, then under both CCA and historical accounting those are the figures shown and everyone shouts "Hurrah! Turnover's up well, and let's have a pay-claim."

In fact, the company has slipped back. With inflation at 17 per cent, it should have sold £117 worth in year two just to stand still. CPP accounts show this.

CCA ignores the RPI but relies upon a host of different indices or valuations for nearly everything except the most important item of the lot, which it ignores completely. Money.

Under CCA, as with historical accounts, if a man starts the year with £100 and finishes it with £105, he is reckoned to be £5 "richer." With inflation running in the 17 per cent region, pretty well everybody would agree that this is nonsense. £105 to-day will buy less than £100 would have done a year ago, and so far from being richer he is poorer in terms of purchasing power. In terms of current purchasing power, which is precisely what Accounting is all about, CPP not only shows him that he is poorer but also quantifies things for him and shows him precisely how much poorer he is.

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## The Health and Safety Executive's new member discusses her role

## Controller of industry's 'nasties'

BY DAVID FISHLOCK, SCIENCE EDITOR

"SO MANY people think in terms of either doing a thing or banning it. I think in terms of controlling it." Thus speaks Audrey Pittom who, as director of the hazardous substances group at the Health and Safety Executive, is responsible for formulating policy for the control of what she calls "all the nasties" in industry to-day.

Miss Pittom has just been appointed by the Health and Safety Commission to be the third member of the Health and Safety Executive, its operating arm. As she sees it, this makes her a trustee in law for all the work of the HSE—from coal mines to nuclear plants—as well as for her own direct responsibilities.

She is a frank and formidable lady, whose team of 120 is responsible for dealing with a wide range of groups of industrial hazards—explosives, inflammable substances, toxic and corrosive hazards, dust and noise, and "major hazards" such as Flixborough. Except for the nuclear installations, her remit embraces nearly all the modern hazards, including those of wide public interest or concern such as asbestos, cancer-causing chemicals, and industrial agglomerates (Canvey Island, for instance).

Neither does she feel that these activities are resented by British industry; those sections for which she has direct responsibility are already deeply worried at the responsibility they shoulder and "very anxious to co-operate in discussing control methods and approaches."

For her part, she believes the HSE should be carefully the economic consequences of tightening its control. This can be misunderstood by those who see themselves right in ever.

By the 1960s the concern of the factory inspectors was refocusing upon newer "scientific" hazards: the growing industrial interest in patently toxic materials; the increasing scale of manufacture in pursuit of economies of scale; and the accumulating medical evidence about risks latent in certain working environments. Life became a much more complex matter for the inspector. "Mechanical risks are the easiest ones to inspect."

When she began, interest centred mainly on the mechanical hazards, such as machinery that might seize upon an unwary operator or bystander. When she was a district factory inspector in Birmingham she felt her "desk was littered with fingers."

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By the 1960s the concern of the factory inspectors was refocusing upon newer "scientific" hazards: the growing industrial interest











# COMPANY NEWS + COMMENT

## £0.8m. slump by Howard after six months

Taxable profits of Howard Machinery dropped from £258,000 to £10,000 in the six months to April 30, 1977, and explaining that the fall was due to difficult conditions in some major overseas markets, the directors warn that these conditions are unlikely to improve during 1977.

The net interim dividend is maintained at 1.045p per 25p share. Last year's final payment was 1.185p from profits of £326m.

Turnover for the first half rose from £32.11m. to £35.29m. Profit is struck after higher interest of £1.07m. (£0.85m.) and before minorities of £56,000 (£51,000). The amount attributable to members was £77,000 (£87,000).

### comment

The collapse of interim profits at Howard Machinery comes only two years after the group raised £2.8m. through a rights issue at par to double productive capacity in the aftermath of booming demand that brought profits to a peak of £4.6m. in 1974. But economic recessions combined with poor weather has depressed demand and the group has not been able to use the extra capacity. At the same time stocks have been built up in anticipation of a buoyant market, hence the additional interest charges. This year drought in France, Germany, Australia, and the U.S. (all major markets) has affected demand which remains depressed. The second half has shown little over all improvement but the closing months are crucial to Howard Machinery and could produce a boost. In the absence of that the dividend must be in doubt. Beyond that, it could be some time before 1974 profits are seen. The shares dropped 5p yesterday to 35p, near the low for the year. The historic yield is 9.3 per cent.

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## McCleery L'Amie in better position

The directors of McCleery L'Amie Group in an interim report, state that it would be imprudent to forecast a return to profitability for the second half of the current year. As reported on July 16, for the half-year to April 30, 1977, the company incurred a pre-tax loss of £263,000 compared with a profit of £268,000.

The directors feel, though, that the company is better placed than a year ago to take full advantage of the upturn in trade which is widely forecast for 1978.

The company's accounting year-end has been changed to December 31. The current trading period will be eight months.

### HIGHLIGHTS

An excellent performance by the Rank Xerox associates has allowed Rank Organisation to show almost doubled profits at the half-way stage but Rank's non-Xerox activities are at break-even, which is in line with the same period last year. Lex also takes a look at the Bank of England annual report and the first batch of second quarter gold mining figures. Elsewhere, Howard Machinery has been hit by poor demand after gearing up for higher production levels following the rights issue a couple of years ago and the outcome is the almost total elimination of profits at the half-way point. Hirst and Mallinson appears to be maintaining the recovery trend, noticeable in the latter half last year.

## Hirst & Mallinson recovery

A TURNAROUND from a loss of £54,600 to a pre-tax profit of £216,700 is reported by Hirst and Mallinson for the six months to April 30, 1977.

The directors say that all the projects outlined in the annual statement are now underway and, while it is too early to make a full evaluation of their success, preliminary results are encouraging. Although the full effect of the cost of these ventures will have to be borne in the second half of the current year, the directors firmly believe that the adverse effect on profits that will be felt in the short-term will be more than offset by medium-term gains.

In looking to the future they consider that the company will achieve considerable further growth in overseas sales but they remain concerned about the home markets, which as yet have shown no signs of improving.

Earnings per 20p share for the first half are given at 4.4p (loss 1.4p) and the net interim dividend is stepped up from 0.65p to 0.9p. The directors state that they will raise the final payment in line with the interim increase providing current trading permits. Last year's final was 0.87p from depressed profits of £175,500.

Turnover 1976-77 1975-76  
£654,000 £538,000  
Finance charges 13,000 11,700  
Pre-tax profits 216,700 54,600  
Loss -

### comment

The market is still holding its breath about the real reasons for the recent build-up of a 22 per cent stake in Hirst and Mallinson by the unquoted Wiggins Mead, headed by David Abell and Jeffrey Pike. No formal bid approach has been made and neither has there been any sign yet that the latter is going to impose its own aggressive acquisition policy on

H and M. Meanwhile, the interim figures make fairly encouraging reading. The recovery which began in the second half of 1975-76 has continued into the current year with export growth in the textile and catering equipment operations more than offsetting a sluggish trading background in the U.K. Moreover, penetration of the export markets is being maintained and even though the second half will bear the full cost of recent development expenditure the group looks well on course for a full year total of around £1m. pre-tax. That puts the shares on a fully taxed 2 1/2 of 62 at 80p, and would cover a maximum yield of 7.4 per cent around 3.3 times.

## Earnings rise for RIT

AFTER ALL charges, including taxation and minorities, revenue of Rothchild Investment Trust emerged at £1.61m. for the year to March 31, 1977 compared with £1.55m. excluding results of Frank H. Atling and its subsidiaries.

Basic earnings per £1 share are shown as 12.7p (12.5p) and fully diluted 13.4p (13.2p). A final net dividend of 8.27p (8.25p) makes a total of 11p (9.53p). Also proposed is a subdivision of existing Ordinary shares and 3.5 per cent Convertible Cumulative Redeemable Preference shares of £1 into two shares of 50p.

Dividends, interest 1,600 1,500  
Underwriting, dealing 4,917 4,086  
U.K. property income 231 225  
European property income 55 52  
Leasing income 345 340  
Management expenses 344 341  
Interest payable 1,241 1,088  
Pre-tax revenue 3,264 3,239  
Taxation 1,651 1,458  
Minorities 1 3  
Group revenue 1,600 1,500  
Preference dividends 412 412  
Leaving 1,188 1,088  
Dividends 1,188 1,088

Loss expenses. Excluding results of Frank H. Atling and its subsidiaries. Net asset value per share comes out at: pre-conversion of Convertible Loan stock 422p (345p) and

post-conversion 422p (345p). At July 12, 1977 pre-conversion was 476p and post-conversion 442p.

The post-conversion assumes full conversion of Convertible Loan stock (other than that held by a subsidiary), Convertible Loan Notes and Convertible Preference shares.

Following property disposal the group's European subsidiaries as at March 31, 1977 has an excess of borrowings over attributable assets, of £553,000 (£516m.).

## Overseas expansion for Chubb

LORD HAYTER, chairman of Chubb and Son says that in the fire security division considerable efforts have been made in the export markets, particularly in the Middle East. These met with success and he feels that there is great potential for the group in this area.

The fire security side had an excellent year in 1976-77. Orders continued for the Pathfinder crash tender supplemented by further products in the vehicle range. The home market, however, has been difficult, but the sale of extinguishers and service contracts has now reached 1m. a month.

At Chubb Lock and Safe, trading in the U.K. companies has held up well. The extension of the factory at Wolverhampton is fully stretched to meet the demand for fire resisting office equipment. In the safe department the success of the new ranges continues, says the chairman.

Referring to the acquisition of Gross Cash Registers, Lord Hayter says that in the long term Gross will make a worthwhile contribution to the group but this will not be accomplished in the current year.

In Continental Europe there has been a very satisfactory improvement in margins at Lips and Gipsen with the result that profits have increased substantially. The recently formed French company has now moved into profitability.

In the Far East the group companies have made a notable contribution to the group's profits. In the year ended March 31, 1977 group pre-tax profit increased from £11.7m. to £14.1m., on turnover of £138.4m. (£130.3m.). An analysis of the profit shows (£000's omitted)—locks, safes, fire detection and protection £2,999 (£2,244); burglar alarms, etc. £9,077 (£1,683); and other activities £2,024 (£0,53m.).

At June 27 the Kuwait Investment Office had an interest in 8.5 per cent of the group's Ordinary capital.

Meeting, Abercorn Rooms, E.C., August 10 at noon.

Statement Page 5



Mr. Harry Smith, chairman of the Rank Organisation.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. for div.	Total for year	Total last year
Devonport & Partners Int.	0.25	Sept. 5	0.24	—	0.5
Free State Dev.	78	—	5	11	9
Gen. Eng. (Radcliffe)	0.77	—	0.71	1.07	0.98
Philip Harris	2.53	Sept. 1	2.18	3.82	3.48
Hirst & Mallinson Int.	0.9	Oct. 1	0.86	—	1.83
Howard Machinery	1.05	Nov. 3	1.05	—	2.33
Rank Organisation Int.	0.7	Oct. 4	0.7	—	2.1
Meggett Hlgs.	0.19	Oct. 3	0.18	—	0.35
New Thorngate Int.	0.45	Oct. 6	0.45	—	1.54
W. E. Norton	0.31	Sept. 20	0.28	0.61	0.56
Pahang Cons. Ltd.	2.5	Sept. 20	2.5	3.75	2.5
A. Freedy	0.99	Sept. 2	0.98	1.41	1.22
Rank Organisation Int.	2.19	Nov. 2	2.19	—	7.13
Reaxbrook Inv. Trst.	0.67	Sept. 5	0.45	1.05	0.53
Rothchild Inv.	8.27	Sept. 20	6.83	11	9.58
Stanhope Inv.	1.84	Aug. 24	1.64	2.74	2.49

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § South African cents throughout.

## W. E. Norton advances

MACHINE TOOL merchants W. E. Norton (Holdings) reports a 26.5 per cent rise in taxable profits for the year ended March 31, 1977, from £556,459 to a record £450,950 on an 11.2 per cent rise in turnover to £7,35m. against £6,55m.

Profit at half-way was £163,000 compared with £150,000.

The directors say that the group's order book of undelivered machines in the U.K. and abroad currently stands at £1.5m., which is more than double that of a year ago.

The whole of the corporation tax previously provided and deferred, amounting to £470,618 has been written back to reserves. It is the intention of the directors to charge against reserves the total book value of the group's investment in KIM Machine Tools (Holdings) together with the costs incurred this year in production of this investment, a total of £450,485.

In the opinion of the directors, no liability for corporation tax will arise, due to stock increase relief. No corporation tax has been provided on profits for 1976-77 other than that relating to timing differences on capital allowances.

Earnings per 5p share are stated as 5.4p (1.99p) and 2.62p (0.578p) on a normal tax charge. The dividend is lifted to 0.6135p (0.578p) with a net final of 0.5067p.

### ISSUE NEWS

#### TOZER KEMSLEY

Tozer Kemsley and Millbourn (Holdings) announces that the opportunity for holders to convert their holdings of the 5 per cent Convertible Subordinated Unsecured Loan Stock 1981, issued on July 14, 1977. Forms of election to convert have been received in respect of over 99 per cent of the Stock in issue. All Stock which remains unconverted will fall to be converted or redeemed in accordance with the original terms applicable to the Stock. The conversion period for this year has been changed from July to September.

The combined immediate effect of the rights issue and the conversion scheme has been to reduce 'TKM's' borrowings (on the basis set out in the circular to shareholders and stockholders dated June 2, 1977) from about £98.1m. to £58.0m. and, on the same basis, increase shareholders' funds from £12.7m. to £21.8m.

#### TREASURY 11 1/2%

The Bank of England announces that the Treasury will make no conversion offer in respect of holdings of the 11 1/2 per cent Treasury Stock 1977. This stock will be redeemed at par on September 26, 1977. Redemption request forms will be issued on August 3, 1977.

#### M.Y. DART 91% SUBSCRIBED

M. Y. Dart announces that in connection with the recent rights issue of £2.5m. new Ordinary 10p shares, 1,385,447 shares (90.86 per cent) have been taken up and the balance of 138,554 shares has been sold in the market at a premium to the subscription price. The excess (after deduction of expenses) of 4,728p per share will be remitted in due course to entitled holders.

### PERSONAL

#### SOCIETAS

A new venture in friendly relations for imaginative people who would welcome the opportunity of combining their social pleasures with their social conscience.

If you would enjoy the company of a host of new friends, in the 30s and 40s, who will be exchanging interesting social activities then telephone: MRS. ROSAMUNDE RUSSELL ON 61-028 298 WHO WILL BE HAPPY TO SEND YOU DETAILS.

## Rank £61m. midway —record in view

FOR THE 23 weeks to May 14, 1977, turnover of The Rank Organisation increased from £180.77m. to £208.79m. and pre-tax profit almost doubled from £22.78m. to a record £51.07m. Mr. Harry Smith, chairman, says that exchange rates do not vary materially, the remaining 24 weeks should show an improvement.

With Rank Industries, the main profit level for the 23 weeks are roughly similar with those for the first half last year, the colour television market has begun to decline, and the effects of this will necessarily affect trading for the remainder of the year.

No account has been taken of the net loss since October 1976, of about £7m. which was added to the £1m. loss on the transfer of overseas assets after deducting unrealised gains arising on foreign currency borrowings. It is felt that any exchange losses should be dealt with at the year-end.

The half-time results coincide with Mr. Smith's view that in the short term it is extremely difficult to predict the trend in profitability. Uncertainties arise in regard to the forthcoming round of wage negotiations throughout the U.K. and the resulting effect on the rate of inflation and the value of sterling.

In the longer term he believes the group will benefit from a return to healthier economic conditions throughout the world.

Management efforts continue to be directed towards improving efficiency in the use of all resources and achieving the maximum profitability.

It is stated that the Xerox 5400 monitors its own functions by micro-computer which is expected to reduce the number of calls for service or the need for a trained operator in the office, and includes a document handler that automatically positions an original for copying and then sheets it.

Xerox says that the new machine employs much of the copy technology built into the Xerox 9200. The machine can make up to 45 copies per minute and uses ordinary, uncoated paper.

Mr. Smith says that the major gain at half-way comes from increases in sales of Xerox Corporation, which has moved up from £1.8m. to £1.8m. for the 23 weeks.

For the full year 1976-77, profit was £3.18m.

See List

## Meggett falls midway to £40.177

Pre-tax profit of machine tool makers Meggett Holdings fell from £62,807 to £40,177 for the half year ended April 30, 1977.

Turnover was ahead at £25.1m. against £1.2m.

After tax of £21,930 (£24,607) earnings are stated as 0.43p (0.67p) per 5p share and an interim dividend of 0.195p (0.195p) is announced. The dividend for 1976-77 was 0.235p paid from profits of £155,582.

The directors say that the downturn in profits is primarily due to the anticipated losses incurred in setting up the company's West Midlands machine tool distribution centre.

## BROWN & TAWSE

STEEL AND TUBE STOCKHOLDERS AND PROCESSORS

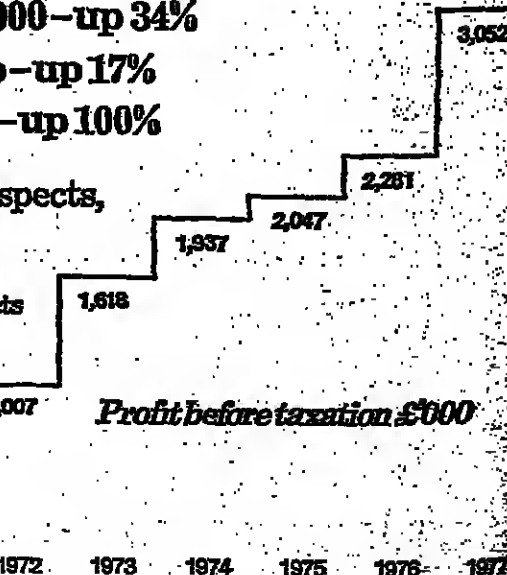
### Eighth successive year of record profits and sales

Highlights from another successful year reported by the Chairman, Mr. S. Douglas Rae

Sales £38,112,000 — up 37%  
Profit before tax £3,052,000 — up 34%  
Earnings per share 15.7p — up 17%  
Total dividend of 4.310p — up 100%

Looking ahead to future prospects, the Chairman says:—

"There are few signs as yet of a general upturn in demand for steel and prospects in the short term must be viewed with caution. However, there are grounds for hope that the steel trade will, within the next year, begin to emerge from its long recession and any increase in the volume of our sales will quickly be reflected in higher earnings."



## Amro Bank now in London

The Amsterdam-Rotterdam Bank NV (Amro), a leading bank in Holland, now has an office in London.

It has been supplying banking, business and marketing services to a number of leading British companies for quite some time now.

Their needs have increased, and the time is right for Amro to provide on-the-spot facilities.

At the same time, many more companies are faced with the need for skilful and expert banking services, advice and guidance in order to take advantage of expanding international trade.

Amro is involved in every aspect of the Dutch economy, and has been at the centre of the development of Holland's financial and economic ties with other EEC countries.

It is also a member of European Banks International (EBIC), one of the world's most active banking groups.

So it is especially well qualified to help.

In London, Amro Bank offers the following services:

Current and deposit accounts.  
Commercial overdrafts.  
Short and medium term lending.  
Collections, documentary credits, export finance.  
Guarantees.  
Foreign exchange transactions.  
Trade promotions.

Amro look forward to meeting you and discussing these services.

## amro bank

amsterdam-rotterdam bank nv

29-30 King Street, London EC2V 8EQ  
Telephone: 01-606 8833 Telex 887139

General Manager: Mr M Sinke  
Assistant General Manager: Mr D W van Leeuwen

## London & Midland Industrials Ltd

### Record Sales and Profits sustained

C.M. BEDDOW, Chairman

Results for the year to 31 March 1977

	1977 £'000	1976 £'000
Sales	15,413	13,105
Profit before tax	1,576	1,360
Extraordinary items, gain	53	45
Taxation — Corporation tax	(546)	(621)
— Deferred tax	(223)	(69)
Available to ordinary shareholders	843	691

● Main activities engineering and consumer products. ● Ordinary dividend increased from 3.015p per share to 4.285p per share. ● Earnings per share increased from 9.3p to 11.3p. ● Current operations are moving forward with opportunities for further growth and expansion being progressed. We foresee a further increase in profits in the current year.

18 JULY 1977

LMI Ltd 45 Nottingham Place London W1M 4BL





# Standard Chartered

## BANK LIMITED



### Comments by the Chairman, The Rt. Hon. Lord Barber

#### THE YEAR'S RESULTS

For the year ended 31st March, 1977 total profits before taxation and extraordinary items amounted to £109.9 million, compared with £92.3 million in the previous year. This was made up of trading profits of the Bank and its subsidiaries of £96.8 million, and the Bank's share of associated companies' profits of £13.2 million. Earnings per share were 69.9p compared with 62.5p in the previous year.

The expansion of the Bank's business during the year is reflected in the increase in deposits and advances by 14.7 per cent and 15.6 per cent respectively. At the year end, total Group assets stood at £7,653 million.

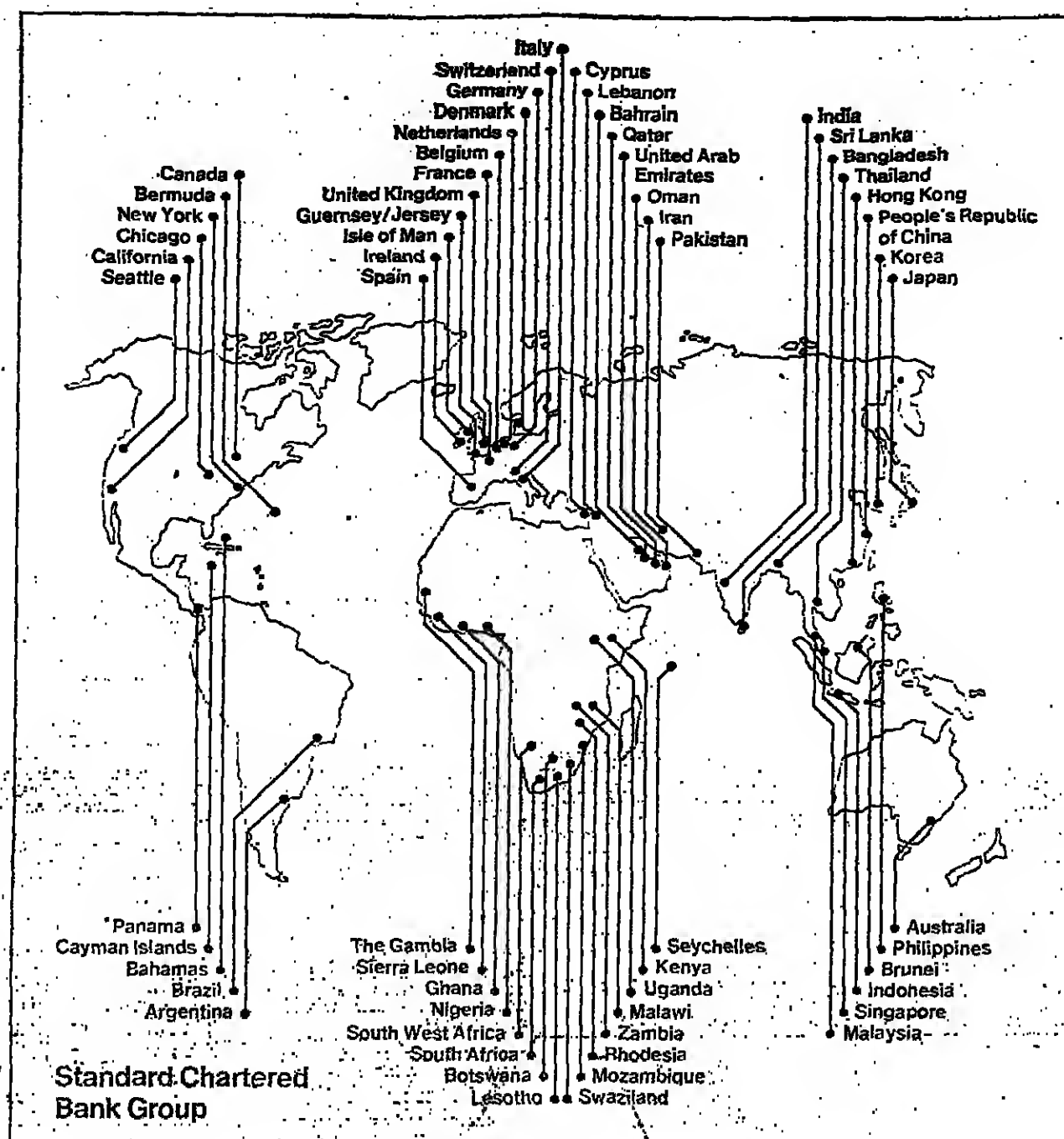
Again we reaped the advantage of the Bank's operations being very widely spread geographically, enabling us to take full advantage of the generally improved conditions. Trends so far in 1977 suggest a continued strengthening of the world economy and further growth in our own operations.

I mentioned last year that we had embarked on a comprehensive five year corporate plan for our operations world-wide, covering the period to March 1980. The first annual review of the strategy confirmed that the Bank has substantially achieved its targets.

In the absence of a reduction in Advance Corporation Tax for 1977-78 the net final dividend will be 10.325p per share which, together with the interim dividend of 7p per share already paid, would represent a total net dividend for the year of 17.325p per share, the maximum allowable.

#### THE BANK'S STAFF

During the past few years, the Bank has been faced with various challenges, not least those stem-



ming from the recession in 1974-75, the competitive banking environment in many areas which accompanied the subsequent recovery and, of course, historically high rates of inflation. By and large these challenges have been met successfully, and our progress owes a great deal to the skill and experience of our staff as well as sheer hard work on the part of many. I would like again to express appreciation for the sustained efforts of all those who have contributed, both at home and abroad.

I have in the past referred to the growing disparity between the after-tax income of our senior executives in the United Kingdom and those who work for the Group overseas.

How can one justify, on a continuing basis, the conjoint effect of a taxation policy which has increased the higher rates to penal levels and an incomes policy which has demanded exceptional restraint directed particularly against higher earned incomes? The result is that the senior executives of Standard Chartered in London take home less than their junior colleagues in every continent where the Group engages in commercial banking.

In the national interest this situation simply cannot be allowed to persist because, unless some action is taken before long, many of the coming generation of senior professional bankers will look beyond these shores to satisfy their proper ambitions.

#### BANK PROFITS

I see that the Trades Union Congress in its evidence to the Wilson Committee has called for a 'tighter rein' on bank profits. The reasons why a high level of bank profits is necessary can be simply stated.

Firstly, the business of banking cannot be self-sustaining unless gross profits from which retentions can be taken year by year increase sufficiently to strengthen the capital base and preserve a proper and prudent ratio of capital to the expanding asset total. Furthermore, in an inflationary environment a significant increase in profit retention is necessary merely to maintain the same level of business in real terms.

Secondly, in a time of rapid asset growth, there is the need to raise outside capital, and for this a proven earnings record is essential. To take our own case, Standard Chartered as a major international bank must maintain a capital structure which enables it to compete for business strongly in its world-wide operations.

If new outside capital cannot be raised, the growth of assets must be constrained to the rate that can be accommodated on the capital available. Such constraint would be a recipe for stagnation and ultimate decline, with inevitable consequences for industrial output and employment.

Those who call upon the banks to be more active in channelling funds to industry should ponder the effects of restricting their growth. I hope that this whole subject will be thoroughly and fairly aired in the Wilson Committee. If it is, there need be no concern about the Committee's conclusions.

**Total Assets exceed £7,600m**  
**Total Deposits exceed £7,200m**  
**1,500 offices in 60 countries**  
**around the world.**

Copies of the Report and Accounts and of the Chairman's Statement may be obtained from the Secretary, 10 Clements Lane, London EC4N 7AB.

## Standard Chartered helps you throughout the world



# Standard Chartered sees further growth

LORD BARBER, chairman of Standard Chartered Bank, says the bank's growth in 1977 suggests a continued strengthening of the world economy and further growth in the group's own operations.

In the year 1976-77 the overall economic picture was one of improvement and again the group reaped the benefit of the wide geographical spread of its operations, enabling it to take full advantage of the generally improved conditions.

Expansion of the bank's business during the year is reflected in the increase in deposits and advances of 14.7 per cent. and 15.6 per cent. respectively. Total group assets at the end of March 1977 stood at £7,630m, against £6,650m a year earlier. The current figure does not include assets of £1bn. of the Standard Bank of Nigeria which is now an associate.

The chairman says that the traditional commercial banking operations continued to prosper and the network was further extended into Europe, America, Asia and Africa. The year was an important one in the development of ancillary financial services both in the U.K. and overseas.

U.K. bank's own operations performed well, as did the international division in London which continues to strengthen its position as one of the group's major profit centres. The U.K. expansion programme is progressing to plan with four new branches being opened.

## BOARD MEETINGS

The following companies have announced dates at Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends are to be paid or not, and the above are based on last year's practice.

TO-DAY	
Interim: Melford Investment Trust, Status Disclosed.	
Final: Astra Industrial, Birmingham	July 21
Final: Pater Brothers, BAT Group	July 22
Final: Kates Properties, H. & R. Johnson	July 23
Final: Thomas, Jones, Stroud, M. L.	July 24
Final: Mousley Southern, Ward and Goldstone	July 25
FUTURE DATES	
Interim: Macdonald Properties	July 21
Interim: Taylor Woodrow	July 28
Finals	
Alcan London Properties	July 21
Calderdale Trust	July 22
Clan Macdonald	July 23
Clarendon Investment Trust	July 24
Clarendon Investment Trust	July 25
Clarendon Investment Trust	July 26
Clarendon Investment Trust	July 27
Clarendon Investment Trust	July 28
Clarendon Investment Trust	July 29
Clarendon Investment Trust	July 30
Clarendon Investment Trust	July 31
Clarendon Investment Trust	August 1
Clarendon Investment Trust	August 2
Clarendon Investment Trust	August 3
Clarendon Investment Trust	August 4
Clarendon Investment Trust	August 5
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Clarendon Investment Trust	August 7
Clarendon Investment Trust	August 8
Clarendon Investment Trust	August 9
Clarendon Investment Trust	August 10
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Clarendon Investment Trust	August 30
Clarendon Investment Trust	August 31

The European operations have been further strengthened in what has been a generally satisfactory year, and prospects for growth are good.

Following the successful offer for the assets for Ban Cal Tri-State Corporation the directors continue to review

opportunities for expansion in North America as part of the policy of geographical diversification.

In the U.S. loan demand was slack for much of the year and the banking system liquid. Against this background the results of the Chartered Bank of London were good and the bank further extended its branch network in California.

As reported group pre-tax profit expanded from £92.27m to £109.94m in the year ended March 31, 1977. Group advances amounted to £5.25bn. (£4.54bn.) while deposits stood at £7.24bn. (£6.51bn.).

Referring to executive salaries the chairman points out that the joint effect of high taxation and an incomes policy is that senior executives of Standard Chartered in London take home less than their junior colleagues in every other country where the group engages in commercial banking.

On the subject of bank profits the chairman says that those who call upon banks to be more active in channelling funds to industry should ponder the consequences of restricting their growth. He hopes that the subject will be thoroughly and fairly aired in the Wilson Committee—if it is.

There is no concern about the Committee's conclusions. Aldford Bank has a direct interest in 16 per cent. of the group's capital.

Meeting, Connaught Rooms, W.C., August 11 at noon. Statement Page 19.

# British Tar has sound base

The improvements in profits between the first and second half of 1976/77 at British Tar Products has continued into the current year, reports Mr. P. H. Lloyd, chairman, in his annual review.

Expressing confidence in the future, he tells members that the policy of substantial investment in new capital projects over the past two years has given the company a sound base on which to take advantage of any upturn in business and to enter new markets with new products.

The capital expenditure programme at Hull and Cadishead which was embarked on at the beginning of 1973 is now almost complete. The amount invested totals about £1.6m. and although the costs of commissioning and financing of the new installations have been charged against profits, the contribution to profits in the year ended March 31, 1977 from this investment programme was minimal.

The plant at Hull was commissioned in February 1977 and the plant at Cadishead in June 1977 and both installations are expected to make significant contributions to profits in the current year.

The directors consider that the long-term interests of the company are best served by a continuing programme of investment in capital projects, in accordance with this policy an additional £400,000 of capital expenditure has been authorised to date in the current year.

As reported on June 24, pre-tax profit for the year ended March 31, 1977 was £1.01m. (same). Turnover was £1.01m. (£1.025m.).

BTP Cocker Chemicals had a satisfactory year with sales and profits increasing progressively as business started to recover.

There has been a steady demand for the services of BTP Storage and the blending facilities for products such as antifreeze have been particularly busy.

Wynmouth Lehr and Fattis again made a valuable contribution to group profits.

London Trust Company holds 1.68 per cent. of the issued share capital.

Certain pension funds of Imperial Chemical Industries and its subsidiaries and GIN Industrial Investments in holding company have been placed in the National Coal Board's National Coal Board's fund.

Meeting, 30, Portman Square, W., August 18 at noon. Statement Page 18.

Loan Stocks in issue were to be converted into Ordinary shares, the total holding of the LCI pension funds, including £13.381 Ordinary shares which they now hold, would represent 25.6 per cent. of the enlarged issued Ordinary share capital following such conversion and the total holding of GIN Industrial Investments would represent 1.8 per cent. of the enlarged share capital as thus enlarged. Meeting, 65 Regent St., W., August 9, noon.

## LMI to expand further

FOLLOWING the acquisition of Sirron Sheet Metal and Engineering since the end of 1976/77, Mr. M. Beddow, the chairman, says that the group will seek to make further suitable investment in activities allied to existing business.

He reports that current operations are moving forward, with opportunities for more growth and expansion being strongly pressed. Increased profits are foreseen in the current year.

Group profit before tax and interest rose from £1.78m to £1.95m in the year ended March 31, 1977, engineering £1.36m. (£1.23m.) and consumer products £0.77m. (£0.53m.).

The chairman says Industrial Pastors continued its expansion and produced excellent results. The move to new premises was completed and the new depot opened in Southampton with 100,000 sq. ft. of space.

Mr. Beddow believes that these two companies should be able to retrieve former levels of profits as soon as more active trading conditions obtain.

The group balance-sheet has been further strengthened by an increase of £376,000 in capital and reserves. Borrowings have been reduced from £445,000 to £276,000.

Meeting, 30, Portman Square, W., August 18 at noon. Statement Page 18.

# General Engineering falls to £609,000

WITH A second half downturn of £381,000 to £397,000, General Engineering Company (Radecliffe) reports a fall in taxable profits for the year to March 31, 1977, from a record £1,044m. to £609,000 on sales of £10,244m. against £9,444m.

However, the directors state that the future looks very promising. Order levels have been rising steadily and this appears likely to continue, fortified by a number of far-reaching new-product developments; some of which have already been introduced and others coming to maturity.

Stated earnings per 10p share are down from 5.5p to 4.2p on capital increased by a one-for-two scrip issue in July 1976. The dividend is lifted to 1.0725p compared with an equivalent 0.975p with a final of 0.7225p net. A scrip issue of one-for-eight is also proposed.

The company had to bear the brunt of exceptionally high development expenditure, the directors state, as well as other abnormal costs, and they consider the results to be satisfactory.

The directors say that 1976/77 was a year of solid progress and consolidation and that the results show the company's strength and resilience.

The company's financial position was much improved by the year-end and no difficulty is foreseen in meeting the financial requirements, it is stated.

During 1976/77 group properties were revalued producing a surplus of £483,000, and a modified basis of treating Royal Navy Marconi is the only direction currently supplying this type of equipment to the R.N.

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company will be the existing directors of Arthur Guinness Son and Co. (Dublin).

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was £3,598,000 for the half year to May 31, 1977, compared with a loss of £2,100,000 last time. For the full year 1976-77 there was a deficit of £2,511,000.

First-half profit was struck after an exchange gain of £1,028,000, compared with a loss of £3,969,000 caused by the revaluation of sterling. Tax takes £1,619,000 (20%).

Turnover advanced by £8.5m. to £46.06m.

AFTER the first half £0.53m. against £0.52m., pre-tax profit of Philip Harris (Holdings) rose from £0.32m. to £0.36m. in the second half to end the year to March 31, 1977 up from £0.4m. a record £0.68m.

When reporting the first-half figures the directors forecast a second-half advance.

Stated earnings per 20p share for the year are up from 9.3p to 10p—excluding an additional payment because of the A.C.T. reduction, dividend total is up from 5.45p to 5.825p net, with a final of 2.825p.

Turnover 1976-77 1975-76

Pre-tax profit 5,440,187 6,885,6

Tax 888,254 662,9

Dividend 599,115 12,9

Greene King and St. announces that due to the decision of A.C.T. the final dividend payable on August 18, 1977, will be 4.5104p. The tax credit becomes 2.3236p.

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Greene King



1. *Journal of the American Medical Association*, 1997; 277: 100-101.

**NOTE: Copies may be obtained from the Joint London Secretaries, 49 Moorgate, London, EC2R 6BQ**











## HBG expects improved turnover and margins

**AMSTERDAM** July 18.

sults were expected to be unchanged in this market from last year. As regards turnover to be generated abroad, the prospects were described as favourable.

The company, which is base-

The building company, which saw its turnover rise verteaplely from Fls.934m. in 1972 to Fls.2.2bn. in 1978, generated 90 per cent. of its 1978 turnover in Holland. Of the remainder Western Europe accounted for 33 per cent. and outside Europe 10 per cent.

# Rhône-Poulenc Brazil plan

PARIS, July 18.

**RHONE-POULENC**, France's biggest chemical and textiles conglomerate, with 195000 employees, is next five years diversifying the activities of its Brazilian subsidiary Rhodia Industries Chimiques Textiles (RICT), reports A.P.D.

It said its intention was to reduce the affiliate's specialisation in textiles to only 50 per cent of cash flow, against 75 per cent at present. Chemicals would represent 45 per cent of RICT's activity after the investment programme, against 23 per cent at RICT's subsidiary Phosol. On RICT's involving 70,000-ton annual output phenol plant and an acetone unit with an annual production capacity of 40,000 tons. Additionally, the phenol output of the existing plant will be raised to 100,000 tons from 70,000 tons annually.

A new outfit, CIE Nacional de Defesa Agricola, will be created in association with the Morozoba Group of Brazil. Four plants will be set up to manufacture, diuron and dichlorophenol.

Recherche et Expansion. The international information agency (RETI), the Stockbrokers' Association said, reports Reuter.

Ste Innovation Scientific SA, which owns 45 per cent, RETI's \$26,400 share capital, v. only accepted the bid to the extent of 100,000 shares. AFR 26.66 cent. of RETI, the associat added.

The offer, valuing REI Frs.52.5m. nominal capital Frs.94.6m., remains open n August 26 inclusive.

cent. now.

The investment programme envisages injecting 3bn Cuzcos into the chemical sector in association with the Banque Nationale de Developpement Economique (BNDE) and Brazilian S4 Investments.

The programme includes setting up additional production

**AKZO makes**  
**Frs.95m. bid**

AKZO NV subsidiary AKZO Pharma BV, is making a Frs.150 per share cash bid for French medical equipment manufacturer

BANQUE de l'Indochine et Suez said it will take a 40 cent. share in the 100% capital of a new bank, the S. French Bank (Al Bank al Sa. A. Trans), reports Reuter.

The bank will hold Saudi interests, with some of shares being publicly offered.

[illegible]

**IU**  
International

**LIJ OVERSEAS FINANCE N.V.**

*(incorporated with limited liability in the Netherlands Antilles)*

**U.S. \$35,000,000 8¾ per cent. Guaranteed Bonds due 1987**

**Interest payable annually on 1st July**

Payment of principal, premium (if any) and interest is unconditionally and irrevocably guaranteed by

## IU INTERNATIONAL CORPORATION

*(Incorporated with limited liability in the State of Maryland, U.S.A.)*

**Hambros Bank Limited** **S. G. Warburg & Co. Ltd**

**Banque de Paris et des Pays-Bas**      **Credit Suisse White Weld Limited**

## Westdeutsche Landesbank Girozentrale

Algemeene Bank Nederland N.V.	A. E. Ames & Co. Limited	Amers Bank Limited	Amsterdam-Rotterdam Bank N.V.	Aedreos Bank A/S
Arnhold and S. Bleichroeder, Iec.	Bache Halsey Sinar Inc.		Banca Commerciale Italiana	Banca del Gottardo
Banca della Svizzera Italiana	Banco di Roma	Bank of America International	Bank Julius Baer International Limited	The Bank of Bermuda Limited
Bank Gurgwiler, Kurz, Buegner Overseas Limited	Bank Ley International	Bank Moes & Hepe N.V.		The Bank of Tokyo (Holland) N.V.
Bankers Trust International Limited	Banque Bruevles Lambert S.A.		Banque Française du Commerce Extérieur	
Banque Française de Dépôts et de Titres	Banque Générale du Luxembourg S.A.			Banque de l'Indochine et de Suez
Banque Internationale à Luxembourg S.A.	Banque Nationale de Paris			Banque de Neuchâtel, Schlumberger, Mallet
Banque Populaire Suisse S.A. Luxembourg	Banque Rothschild	Banque Worms	Baring Brothers & Co. Limited	Bayerische Vereinsbank
Bergen Bank	Berliner Haedel- und Frankfurter Bank	Burns Fry Limited	Chase Manhattan Limited	Christiana Bank og Kreditkasse
Citicorp International Group	Commerzbank Aktien-Gesellschaft		Compagnie de Banque et d'Investissements (Underwriters) S.A.	
Compagnie Monégasque de Banque	Continental Illinois Limited	County Bank Limited	Creditanstalt-Bankverein	Crédit Commercial de France
Crédit Lyonnais	Daiwa Europe N.V.	Richard Daus & Co. Bankiers	Deo Danske Bank af 1871 A/S	Den norske Creditbank
Deutsche Girozentrale —Deutsche Kommunalbank— Dominion Securities Limited		DG Bank Deutsche Genossenschaftsbank		Dillon, Read Overseas Corporation
Effektenbank-Warburg Aktien-Gesellschaft	Euromobiliare S.p. A. Aktien-Gesellschaft	European Banking Company Limited	Robert Fleming & Co. Limited	Gefina International Limited
Girozentrale und Bank der Österreichischen Sparkassen Aktien-Gesellschaft	Consomina Europea Intermediaria de Seguros e Ca. S.A. (Overseas) Limited	Greenshield Incorporated	Groupement des Banquiers Privés Genevois	Hambro-Mitsui Limited
Hambro Pacific Limited	Handelsbank N.W. (Overseas) Limited	Hill Samuel & Co. Limited	E. F. Hutton & Co. N.V.	IBJ International Limited
Istituto Bancario San Paolo di Torino		Kidder, Peabody International Limited	Kjøbenhavn's Handelsbank	Kreditbank N.V.
Kreditbank S.A. Luxembourgaise		Kuhn, Loeb & Co. International	Lazard Brothers & Co., Limited	Lazard Frères et Cie
Lloyds Bank International Limited	London & Continental Bankers Limited	Manufacturers Hanover Limited	McLeod, Young Weir International Limited	
Merrill Lynch International & Co.	Samuel Montagu & Co. Limited	Morgan Grenfell & Co. Limited	Morgan Guaranty and Partners Limited	
Morgan Stanley International	Nederlandsche Middenstandsbank N.V.	Nesbitt Thomson Limited	The Nikko Securities Co. (Europe) Ltd.	
Nomura Europe N.V.	Nordic Bank Limited	Orion Bank Limited	Pierson, Holding & Pierson N.V.	PKBanken
Privatbanken Aktien-Gesellschaft	N. M. Rothschild & Sons Limited	Salesmen Brothers Internationaal Limited	Scandinavisk Bank Fonded S.A.	Société Générale
Skanfinska Enskilda Banken		Smith Barney, Harris Upham & Co. Incorporated	Société Bancaire Barclay's Limited	Société Générale
Société Générale de Banque S.A.	Spärbankernas Bank	Strauss, Turnbull & Co.	Sundswalsbanken	Svenska Handelsbanken
Swiss Bank Corporation (Overseas) Limited	Union Bank of Finland Limited	United Overseas Bank S.A. General	Vereens- and Westbank Aktien-Gesellschaft	J. Vanotbel & Co. Limited
M. W. Warburg-Brückmann, Wirtz & Co.	Warburg Paribas Bechter Inc.		Wend Gundersen	

**KB Kredietbank's  
balance-sheet total  
up by 15.7 %**

### Some key figures from the balance sheet at March 31

	1977	1976	1970
Stockholders equity	8,828	8,013	3,968
Working funds	256,025	221,019	73,144
Profit for financial year	1,312	1,045	492
Balance-sheet total	263,040	244,541	84,451
Net dividend BF	265	245	165
No. of staff	6,115	8,029	6,151
No. of branches	715	700	573

## Striking achievements and a wide range of services in the 1976-1977 financial year

**KB group very active on the international capital market:** manager or co-manager for 73 bond loans and 62 operations on the European issue market and member of underwriting syndicate for 142 loans

to reinforce the KB's international infrastructure;  
**Offshore Banking Unit in Bahrain**  
 to become operational in the near future.

intensified cooperation in the context of the Inter-Alpha Group of Banks, including closer relations, at the Benelux level with the Nederlandsche Middenlandbank, and establishment of a merchant bank (see Alpha of 1981).

**Greater activity on the Eurocurrency market, international credit to enterprises and foreign exchange transactions.**

**Expansion and Innovation of service** to firms active in foreign trade by providing information and assistance in seeking trade partners and obtaining foreign contracts. Guidance and assistance to potential direct investors.

**KB a pilot bank in the Swift system for international payments**

**.Opening of New York branch soon**

ance and assistance to potential direct investors.

♦ 715 branches in Belgium. ♦ Representatives in Australia, Brazil, Hong Kong, Iran, Japan, Mexico, Singapore, South Africa, U.S.A. and Canada. ♦ More than 2 000 correspondents throughout the world

**Affiliated Banks**  
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KREDIETBANK (SUISSE) S.A. - 18, Boulevard Georges-Favon-CH 1211 Geneva 11  
CREDIT COMMERCIAL S.A. de Belgique - Cours d'Orléans 1050 Brussels

11. L'Etat a-t-il des programmes de développement de la culture ?

Head Office: Ardenbergstraat 7, B-1000 Brussels      Member of the Inter-Alpha Group of Banks

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# ARMING AND RAW MATERIALS

## French may need subsidy to export surplus grain

UP TO 7m. tonnes of surplus French wheat and barley may have to be exported outside the Common Market in the new grain marketing season.

The EEC fund might have to provide subsidies of at least \$120 a tonne for wheat and \$90 for barley, to make these exports competitive, according to Alfred C. Teopfer, the Hamburg commodity dealer.

Forecasting a grain harvest of 39.5m. tonnes for the 1977 season, compared with 38.5m. tonnes last year and 42m. in the 1974 record year, Teopfer says the barley crop is put at 38.6m. tonnes against 39.8m. last year and 35m. tonnes in 1974.

The West German Ministry of Agriculture expects a near-record in the Federal Republic—about 18 per cent up on last year.

The Bonn ministry said it expected grain farmers to produce about 22.5m. tonnes, well above last year's drought-stricken 19.1m. tonnes, and only just short of the 1974 record of 22.6m. tonnes. It is based on information available in May.

The Commission to Brussels says that at the beginning of July crop conditions were "good to very good". Wheat crop should be 40m.-41m. tonnes compared with 38.2m. last year and the average of 41.2m. tonnes. The barley harvest should yield 38.36m. tonnes, compared with 35.3m. last year and an average of 35.3m.

The U.K. Ministry of Agriculture reported yesterday that British grain crops were growing satisfactorily and that winter barley was almost ready for combining.

Disease levels remained low throughout the country although mildew was widespread and aphids were increasing in wheat.

The sugar beet crop continued to make good growth and remained free of disease and insects.

The U.S. Department of Agriculture reported that 41.5m. bushels of 1977 wheat remained under loan on June 30 compared with 1.2m. bushels in the same period last year.

The Department added that 44.8m. bushels of 1977-crop wheat were placed under loan in June compared with 1.2m. bushels in the same period last year.

Under the loan system in the U.S., the Government encourages growers to hold grain off over-loaded markets by granting them loans against their stocks.

BY CHRISTOPHER PARKES

## U.K. FOOD SUPPLIES

Other vegetables are growing well, particularly cabbages and cauliflowers, and there is every reason to hope that prices are going to come down fairly sharply from the alarming heights of last season.

However, the meat to go with the veg may not be cheap. Although there is likely to be a home-grown grain glut, and there are reports of heavy crops of other feedstuffs all over the world, there is no hope of price reductions for these products being reflected in the butcher's slab in the near future.

The animal feed makers were among those in the agriculture industry who twined most at Mr. Silkin's pronouncements.

"If raw material prices do fall, I hope the compounders will pass on the benefits in feed prices, fully and as soon as they can," he told the guests at the Home-Grown Cereals Authority's annual "harvest" luncheon.

But even if they are able to do as the Minister asks, reductions could take many months to work their way through, if at all, to the end of the livestock production chain.

In any case, beef is short this year and will remain so for at least another 12 months from now. There is no possibility of cheap imports from places like Australia, Uruguay and Argentina. The EEC's rigid protectionist import levy system will see to that.

The surplus of pigs is passing, and we are heading for a period of tighter pork supplies which is usually associated with higher prices.

Shortages—relative or real—of any one of our basic meats usually leads to price rises for the others.

The trusty broiler chicken, much-mocked for its pallor and insipidity, can be counted on as a valuable standby to fill the gaps in our meat intake. One of its main advantages is its relatively short production cycle.

While we may need to reduce beef, chicken meat can be processed from egg to table in a matter of a few months.

The milk price is frozen for a spell, thanks to the retention of national consumer subsidies. But butter prices are increasing as the delayed-action farmers' increase of April really begins to take effect.

In spite of the grand wheat harvest we are expecting there is little chance of bread prices falling. Much of the flour in the standard British loaf is imported and attracts Common Market levies.

The impact of this import charge on wheat has been assessed at 2p on the price of a loaf.

The possibilities, then, of across the board reductions in food prices are remote. Best buys will undoubtedly be at the greengrocer.

But Mr. Silkin is not a man to waste words. He would not have so lavishly with his prophecies of "good news for the farming and food industry" if he did not expect the situation to be as bleak as he has painted it.

There will be abundant supplies of some staple foods later this year. As a natural consequence of this bounty, the minister expects some price reductions. But he can be counted on to act as a prudent and market reports advise.

And if the price cuts he expects do not materialise, he will want to know why.

## Malaysia will process more palm oil

ALL TEA prices tumbled at the London auction yesterday. Medium and plain grades lost 5p and 11p a kilo respectively compared with last week. Medium plain averaged 165p and plain at 116p.

Most spectacular, but unrepresentative of the overall trend of the market, was the fall of 50p a kilo registered by quality grades. The price fell to 235p from last week's figure of 235p.

Crude production was forecast to rise to 2.4m. tonnes in 1980, compared with 2.13m. in 1979 and 2.05m. next year.

Reuter.

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Reuter.

## Dissent over tin price deal

BY OUR COMMODITIES STAFF

THE BUFFER stock price deal reached at the International Tin Council meeting last Friday only partly satisfies producer and consumer interests, according to delegates.

Last week's meeting had been dominated by arguments on whether buffer stock price ranges should be based on production costs or on long-term price trends. But the event has been overshadowed by the arrival at similar results the delegates said.

The new price range of 1,200-1,500 ringgit a picul (previously 1,075-1,325) still brought dissent on both sides of the debate, however.

Producers generally thought the range was too low and Bolivia voted against the package.

On the other hand Japan, West Germany and the U.S. thought the prices were too high and abstained.

Holland, also abstained, but unlike the other abstainers it thought the "floor" was too low.

Bolivia with production costs of over 1,300 ringgit a picul, had been seeking a range of 1,300-1,600 ringgit. It based its case on the production costs of some 33 per cent of the world's producers with averages just under 1,200 ringgit and sought variable

premiums to cover profit and capital repayments. Bolivia had asked for a premium of 100 ringgit.

Producers also objected to the Council urging governments to take all reasonable administrative and physical steps to prompt growth in the tin industry. They say this is implying lower royalties and freeing more land for new mines.

The council also recommended a larger buffer stock backed by loans so that disruption caused by short-term export restraint in times of temporary world surplus is minimised.

Dealers on the London Metal Exchange said price levels showed little reaction to the agreement, which was broadly in line with market expectations.

The Eastern price was raised over the week-end, but LME prices drifted a little yesterday morning before settling on minor buying. A further fall was wiped out by hedge buying against the market and cash standard tin ended the day 55p down at 55.975 a picul.

Copper prices fluctuated throughout the day season so far amount to 3,218 tonnes compared with 2,900 tonnes in the first four weeks of the 1977 mid-crop season, were estimated at 84,000 tonnes.

Cumulative purchases for the season so far amount to 3,218 tonnes compared with 2,900 tonnes in the first four weeks of the 1977 mid-crop season, were estimated at 84,000 tonnes.

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interest was shown to lead and zinc and both fell a little on the day.

In New York the Kennecott Copper Corporation said it had settled the labour contract dispute with all but four of its workers. The remaining four are all in the Ray Mines division and Kennecott is blaming the continuation of the strike there on the United Steelworkers of America's refusal to withdraw the issue of asbestos control from the local union process.

Stocks of copper held in London Metal Exchange warehouses fell by 1,975 tonnes last week to 598,500 tonnes. Tin stocks fell 310 to 6,159 tonnes.

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## Ghana cocoa purchases up

ACCRA, July 18. THE GHANA Cocoa Marketing Board said purchases for the week ended July 14, the fourth week of the 1977 mid-crop season, were estimated at 84,000 tonnes.

Cumulative purchases for the season so far amount to 3,218 tonnes compared with 2,900 tonnes in the first four weeks of the 1977 mid-crop season, were estimated at 84,000 tonnes.

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## French cocoa demand lower

PARIS, July 18. FRENCH COCOA grindings for the second quarter of this year are estimated at 9,000 tonnes, compared with a final figure of 9,515 tonnes in the same period of 1976, the Chambre Syndicale de Chocolaterie said.

First quarter grindings were finalised at 10,725 tonnes against an earlier estimate of 10,500.

The provisional figure of 10,725 tonnes for first half 1977 compares with 10,540 first half 1976.

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Account Dealing Dates		Option		*First Declared		Last Account	
				Declarations		Dealings	
Jan. 27	July 7	July 7	July 8	July 19			
July 11	July 21	July 22	Aug. 1				
Aug. 1	Aug. 16						

\* = New issue.      \* Dealings may take place from 9:30 a.m. to business days earlier.

Government broker at 24 1/2 in \$30-  
 pound form, lost 1 1/2 to 24. Shorter  
 maturities were not asked to  
 absorb the same losses. The  
 closing losses ranged to  
 1 1/2, most quotations were 1 or  
 above the worst levels. Advice  
 from broking sources favouring  
 cover was in the short end. The  
 added strain to market sentiment.

ment for GEC but the share price  
 was not unduly depressed and  
 closed only 2 lower at 20 1/2p, after  
 20 1/2p. Chairman, which is  
 20 1/2p, is proposing  
 Electrols, shed a penny to 77p. The  
 Electricals otherwise tended  
 easier, but often settled above  
 20 1/2p. The share price was  
 last Friday's rise of 3 1/2p. Thorpe

480p in front of to-morrow's  
 interim statement. Kraftco  
 hardened 21 points to 52 1/2, while  
 rises of 3 were seen in Robertson  
 40 1/2p, Somporters, 40 1/2p.  
 Associated Builders, 40 1/2p.  
 a penny to 48p with the help of  
 a week-end Press statement. Pork  
 was closed with a fall of  
 1 1/2 to 25 1/2p.

exceptionally 5 cheaper at 28 1/2p,  
 after 28 1/2p, sentiment being partly  
 affected by the Government vote  
 on the film, fuel injection system  
 and the 10p. The 10p was  
 Deawande were 2 1/2 cheaper at  
 10 1/2p despite favourable Press  
 comment, while losses of 2 were  
 seen in 10 1/2p and 10 1/2p. The  
 10 1/2p and Fodens, 40p. ERF, still

tion on disposal.  
 Textile  
 appeared  
 the 10p  
 48p, but  
 Tobacco  
 selling.

## Gilts depressed

Concern about how the unions would react to the Chancellor's economic package aroused worries about the effect on the money market and inflation and this led to a broad setback in British Funds. Predictably, the longer end of the market was hit more than the shorter end, the additional possibility that domestic interest rates would rise as demand for money increases and quotations were down to 100. Selling pressure was persistent more than sizeable and action taken by dealers to avoid taking too much short. The Treasury was expected to announce a new package to avert the downturn. A slightly steadier trend developed after the official close but the recovery was very limited and the top Treasury bill fell to 198 while the 10-year was reactivated last Thursday by the

Disinflation, at 134p, gave up a penny on the recent advance on the record preliminary figures.

Features were few and far between in Buildings. Phoenician Timber put on 6 to 165p in a thirteenth market following favourable comment, while small demands for 100 to 170p were met. The results helped Magnet Southernwarden 2 to 152p, Taylor Woodrow cheapened 5 to 334p and Richardson 10 to 212p. The 121s at 110p, Heywood Williams to 50p.

Early small selling took 141s down to 383p before a late rally on bear closure left them only 2p down on the day at 889p.

When the Government had given the Drax B turbine generator contract to C. A. Parsons, a subsidiary of Kyrle Parsons, perhaps the most successful of the 1920s, the price was, of course, natural disappoint-

[illegible]

Conversion, to 587p. Losses of between 1 and 2 were sustained by 1000 58p. Rammerson Hambro, 4000 58p. British and 4000 58p. Lith, 424p. Of the larger-priced issues, Rammerson A. at 470p, gave up 8. An isolated firm spot was made by 1000 44p. The market touched 44½p on news of the proposed major reorganisation before ending a net 3 higher at 45p.

Investment Trusts had little to commend them. Following the announcement of a new investment and Stanhope General Investments both closed 3 better at 200p and 82p respectively. Other issues drifted lower in idle hands. The 1000 104½p. issue eased 3 to 104½, while Scottish Investment, 79½p, and Viking Resources, 88p, shed 2½ apiece.

Shipbuilders were noteworthy for their stability. The 1000 24½p. issue Withy following recent speculation

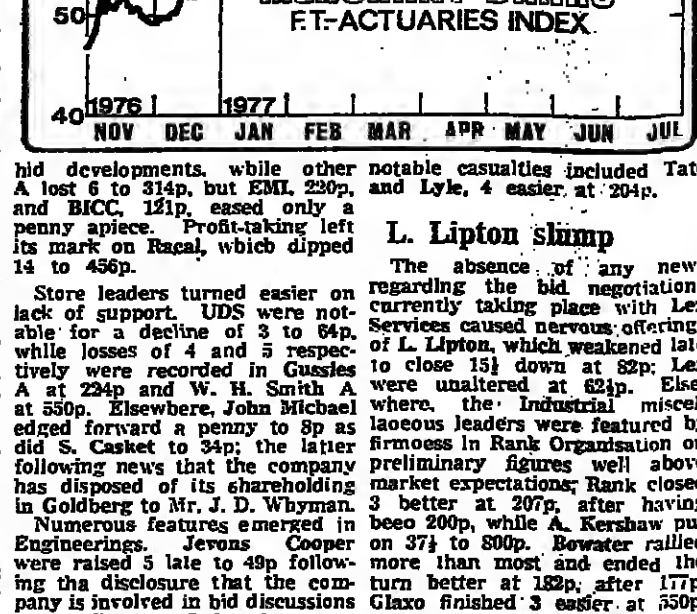
In the London-registered stock Gold Fields and Rio Tinto-22½p. and 22½p. respectively. While Anglo Consolidated gave up the same amount to 122p in front of to-day's meagre incline.

The only noteworthy movement in Coppers was Messiah, which dropped 5 more to a 1977 low. 125p still reflecting concern over the 100 per cent-owned Congo Bank.

Australian eased a fraction on a note of interest despite the reasonably steady tone of overnight trading. The 1000 110½p. issue of the continental fell ½ to 110 and Peko-Wallaced 5 to 515p, still availing itself of the Government decision to allow a 10 per cent discount.

Thames Holdings dropped 5½ to 204p on further consideration the sale by WIM Holdings to Anglo-Continental. These shares for some time have been a 1000 24½p.

NE	CANADIANS (3)	Unrel	Vietnam	NEW LOWS (9)
Br	Hollinger			
Br	BELL (1)			
Br	KEENE (1)			
Br	WILKS (1)			
Br	Woods (1)			
Br	LePage Org.			
Br	STORIES (2)			
Br	Rahners			
Br	STORIES (2)			
Br	Dorman Smith			
Br	Electronic Remits			
Br	ENGINERING (3)			
Br	Laine (3)			
Br	Adwest Group			
Br	Barrino Conf.			
Br	FOODS (1)			
Br	British Sugar			
Br	Daniel Bacon A.			
Br	Hinton (C)			
Br	INDUSTRIALS (1)			
Br	Dryden (C) & C			
Br	Esa Holdings			
Br	Ward (C) & C			
Br	Ind. Inc.			
Br	Kowday (A)			
Br	Leigh Corbett			
Br	Leisure Caravan			
Br	Wood (A)			
Br	Woods (A)			
Br	Heron Motor			
Br	DOTS (1)			
Br	Motor World			
Br	TEXTILES 111			
Br	TRUSTS (3)			
Br	Dorby Trust			
Br	Mont. Boston W.			
Br	Mass. Mortgage			



Equity bargains today:

10 a.m. 443.3. 11 a.m. 442.4. Noon 447.5. 1 p.m. 448.2.  
2 p.m. 443.2. 3 p.m. 443.3.

Latex Index 51.25.

\* Based on 52 per cent. corporation tax. MN-8.89.

Basic 100 Govt. Secs. 15.19/25. Fixed Int. 1929. Ind. Ord. 17/35.  
Mining 12/35. SE. Activist - July-Dec. 1943.

HIGHS AND LOWS		S.E. ACTIVITY	
1947.		Since Completion	
High	Low	High	Low
Govt. Secs. (18/49)	60.45 (64.4)	127.4 (150.4)	48.18 (31.79)
Fixed Int. (13/46)	71.19 (13/46)	60.45 (62.14/47)	60.92 (31.79)
Ind. Ord. (18/45)	477.4 (18/45)	543.5 (18/47)	49.4 (26/49.0)
Gold Mining	137.4 (7/41)	442.5 (1/42)	5.5 (22.6/75) (26/10/71)
			-Daily Gilt-Edged Industrial Speculative Total
			153.3 153.3 15.3 138.1 121.4
			-Today's Average Up-Bidged Industrial Speculative Total
			129.3 160.3 29.5 112.4

NEW HIGHS AND LOWS FOR 1977																			
<p>The following securities quoted in the information pages of this paper were attached to new highs and lows for 1977.</p> <p><b>NEW HIGHS (\$3)</b></p> <p>Bel Cana (F, J) Singer CANADIANS (3) Hollinger BEERS (1) KINGLINES (2) Pacific STORES (2) Sarnoff (G, J, A) ELECTRONICS (3) Electronic Rentals Electronic Components GIBBS (3) GIERING (3) Lane (J) FOODS (3) Kraft Seniorator Danish Bacon A Hinton (CA) INVESTMENTS (1) Dyson (G, J, J, A) Gibbs Holdings Transcon Inc. I.C. Inc. Vickroy (A, J) Leigh Interests Leigh Corp McClary's L'Amie MOTORS (1) MOTOR (1) NORTON (1) TRUSTS (6) Derby Trust Mont. Boston Wils. Mass. Mortgage</p>	<p>Ranger Oil (3) Toscon 44pc Conv. IOCHROME OVERSEAS TRADERS RUBBERS (1) Plantation Hldgs. MINES (2) Volcan MI NEW LOWS (9) AMERICANS (1) Champion Industries STORES (1) AudioMetric ENGINEERING (2) Norward Machinery Westland INDUSTRIALS (3) Jardine Matheson Seafair Inc. Reed Internatl. PROPERTY (1) Country &amp; Reg. Trw MINES (1) Messina RISES AND FALLS YESTERDAY</p> <table> <tr> <td>British Funds</td><td>Up</td></tr> <tr> <td>Corpus Domini and</td><td></td></tr> <tr> <td>Foreign Bonds</td><td>5</td></tr> <tr> <td>Industrials</td><td>11</td></tr> <tr> <td>Finance and Prop.</td><td>39</td></tr> <tr> <td>Oil</td><td>8</td></tr> <tr> <td>Manufactures</td><td>15</td></tr> <tr> <td>Mines</td><td>15</td></tr> <tr> <td>Recent Issues</td><td>7</td></tr> </table>	British Funds	Up	Corpus Domini and		Foreign Bonds	5	Industrials	11	Finance and Prop.	39	Oil	8	Manufactures	15	Mines	15	Recent Issues	7
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Finance and Prop.	39																		
Oil	8																		
Manufactures	15																		
Mines	15																		
Recent Issues	7																		

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CC—These theatres accept certain credit cards by telephone or at the box office.



## EQUINE

Arrival		Departure		Flight		Remarks	
Time	Date	Time	Date	Flight	Time	Date	Remarks
10:00	10/10	10:10	10/10	101	10:10	10/10	Arrived
10:10	10/10	10:20	10/10	102	10:20	10/10	Departed
10:20	10/10	10:30	10/10	103	10:30	10/10	Arrived
10:30	10/10	10:40	10/10	104	10:40	10/10	Departed
10:40	10/10	10:50	10/10	105	10:50	10/10	Arrived
10:50	10/10	11:00	10/10	106	11:00	10/10	Departed
11:00	10/10	11:10	10/10	107	11:10	10/10	Arrived
11:10	10/10	11:20	10/10	108	11:20	10/10	Departed
11:20	10/10	11:30	10/10	109	11:30	10/10	Arrived
11:30	10/10	11:40	10/10	110	11:40	10/10	Departed
11:40	10/10	11:50	10/10	111	11:50	10/10	Arrived
11:50	10/10	12:00	10/10	112	12:00	10/10	Departed
12:00	10/10	12:10	10/10	113	12:10	10/10	Arrived
12:10	10/10	12:20	10/10	114	12:20	10/10	Departed
12:20	10/10	12:30	10/10	115	12:30	10/10	Arrived
12:30	10/10	12:40	10/10	116	12:40	10/10	Departed
12:40	10/10	12:50	10/10	117	12:50	10/10	Arrived
12:50	10/10	13:00	10/10	118	13:00	10/10	Departed
13:00	10/10	13:10	10/10	119	13:10	10/10	Arrived
13:10	10/10	13:20	10/10	120	13:20	10/10	Departed
13:20	10/10	13:30	10/10	121	13:30	10/10	Arrived
13:30	10/10	13:40	10/10	122	13:40	10/10	Departed
13:40	10/10	13:50	10/10	123	13:50	10/10	Arrived
13:50	10/10	14:00	10/10	124	14:00	10/10	Departed
14:00	10/10	14:10	10/10	125	14:10	10/10	Arrived
14:10	10/10	14:20	10/10	126	14:20	10/10	Departed
14:20	10/10	14:30	10/10	127	14:30	10/10	Arrived
14:30	10/10	14:40	10/10	128	14:40	10/10	Departed
14:40	10/10	14:50	10/10	129	14:50	10/10	Arrived
14:50	10/10	15:00	10/10	130	15:00	10/10	Departed
15:00	10/10	15:10	10/10	131	15:10	10/10	Arrived
15:10	10/10	15:20	10/10	132	15:20	10/10	Departed
15:20	10/10	15:30	10/10	133	15:30	10/10	Arrived
15:30	10/10	15:40	10/10	134	15:40	10/10	Departed
15:40	10/10	15:50	10/10	135	15:50	10/10	Arrived
15:50	10/10	16:00	10/10	136	16:00	10/10	Departed
16:00	10/10	16:10	10/10	137	16:10	10/10	Arrived
16:10	10/10	16:20	10/10	138	16:20	10/10	Departed
16:20	10/10	16:30	10/10	139	16:30	10/10	Arrived
16:30	10/10	16:40	10/10	140	16:40	10/10	Departed
16:40	10/10	16:50	10/10	141	16:50	10/10	Arrived
16:50	10/10	17:00	10/10	142	17:00	10/10	Departed
17:00	10/10	17:10	10/10	143	17:10	10/10	Arrived
17:10	10/10	17:20	10/10	144	17:20	10/10	Departed
17:20</							

## REFERENCES

Stock	Closing Price	% Chg.
Resolute	115	-1
Sud Drugs	36 1/2	0
St. Lawrence	96	0
Hicks	80	0
Intel	29 1/2	+1/4
W. W. Brown	137	0
W. W. Brown	260	-2
W. W. Brown	185	-2
W. W. Brown	182	0
W. W. Brown	68 1/2	0
W. W. Brown	47	-1
W. W. Brown	41 1/2	0
W. W. Brown	47	-1
W. W. Brown	48	-1
W. W. Brown	48	-1
W. W. Brown	133	0
W. W. Brown	104	-1/2
W. W. Brown	39	0
W. W. Brown	67	-1
W. W. Brown	64	+1/4
W. W. Brown	61	0
W. W. Brown	108	0
W. W. Brown	178	0
W. W. Brown	178	0
W. W. Brown	17 1/2	-1/2
W. W. Brown	101	-2

These indices are the joint compilation of the Financial Times, the Institute of A

and the Faculty of Actuaries

ALL-SHAKE INDEX (672)										194.82	-0.8	—	5.62	—	196.48	197.34	198.92	19
FIXED INTEREST PRICE INDICES										FIXED INTEREST YIELDS					Mon. July 18		Fri. July 19	
										Br. Govt. Av. Gross Red.								
British Government		Mon. July 13	Day's change %	rd adj. To-day	rd adj. 1877 to date	1 Low Coupons		5 years		7 1/8		7 1/8						
						2 Medium Coupons		15 years		12 1/2		12 1/2						
						4 Medium Coupons		5 years		12 1/2		12 1/2						
						5 Coupons		15 years		12 1/2		12 1/2						
						6 Medium Coupons		25 years		13 1/2		13 1/2						
						7 High Coupons		5 years		11 1/2		11 1/2						
						8 Coupons		15 years		13 1/2		13 1/2						
						9 Coupons		25 years		13 1/2		13 1/2						
10 Irredeemables																		
5 All stocks		198.78	-0.87	—	5.54					13.87		13.87						

	Monday, July 16		Friday, July 19		Tuesday, July 16		Wednesday, July 17		Thursday, July 18		Friday, July 19		Saturday, July 20	
	Ind.	Yield %	Ind.	Yield %	Ind.	Yield %	Ind.	Yield %	Ind.	Yield %	Ind.	Yield %	Ind.	Yield %
16 20-yr. Red. Deb. & Loans (15)	53.77	13.76	53.69	13.82	53.92	13.80	53.91	13.81	54.16	13.81	54.16	13.81	54.16	13.81
16 Investment Trust Pref. (15)	61.68	13.88	61.73	13.78	61.76	13.81	61.85	13.81	61.85	13.81	61.85	13.81	61.85	13.81
17 Coml. and Indl. Pref. (20)	69.66	13.32	69.76	13.46	69.28	13.47	69.10	13.47	69.10	13.47	69.10	13.47	69.10	13.47

\* Redemption yield. Highs and lows record, hope dates and values and "market" changes are published in the "Financial Times" and "The Economist".  
A new list of the constituents is available from the Publishers, the Financial Times, Brechin 104.  
\* Corrected.

	FILED INTEREST	Mon.	Fr.
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THE BUREAU OF THE

100

ON SALE 50p



## OFFSHORE AND OVERSEAS FUNDS

[illegible]

## BASE LENDING RATES

[illegible]

**The July issue includes:**

**AFTERMATH OF NIVELLE, 1917**  
*John Terraine*

**BISHOPS OF WINCHESTER**  
*Diana E. Greenway*

**AS SILVIUS PICCOLOMINI:  
MINIST AND POPE.**  
*Neil Ritchie*

**A SHAW ON THE KLONDIKE**  
*Stephen Usherwood*

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[illegible]

CLIVE INVESTMENTS LIMITED	
1 Royal Exchange Ave. London EC3V 3LU. Tel: 01-283 1101	
Index Guide as at 5th July, 1977 (Base 100 at 14.1.77)	
Clive Fixed Interest Capital	113.43
Clive Fixed Interest Income	105.01

## INSURANCE BASE RATES

† Property Growth .....	10%
Cannon Assurance .....	5%

† Address shown under Insurance and Property-Bond Table.



**INDUSTRIALS**  
(Misc.)

[illegible]

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## TRUSTS—Continued

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[illegible][illegible]



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# FINANCIAL TIMES

Tuesday July 19 1977

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## Support hits Bank of England profits

BY MICHAEL BLANDEN

THE BANK of England's profits have again been reduced by substantial provisions against possible losses on its involvement in support operations for the secondary banks.

The Bank has set aside another £15.2m. from the income of its banking department as a special provision. This follows provisions of £14.3m. last year and of £9.8m. in 1975.

The amounts involved are probably understated by the published figures, since the provisions are shown after making allowance for a reduction in those provisions required for gilt-edged and other securities operations.

As a result the operating profit of the banking department is down to £13m. for the year ended

## On a high note

THE VALUE of £10 and £20 notes together increased to a third of the total value of notes in circulation at the end of February, the Bank reported yesterday.

But the value of £1 notes fell to a new low of £205m., only 12 per cent. of the total compared with 24 per cent. in 1972. Fivers account for 51 per cent. (54 per cent.).

in February, compared with £15.9m. in the previous year.

The support operations cover both the so-called lifeboat for secondary banks, in which the Bank of England has a share held to be about 10 per cent. along with the big clearing banks, and other situations in which the Bank is involved on its own. These include Slater Walker and Edward Bates.

The Bank said in its annual report that the number of active companies receiving support from the lifeboat declined again last year. It is understood that the amount involved has come down to £700m. from £800m. a year ago.

A surplus of £52m. has been shown by a comprehensive revaluation of the Bank's properties. This is the first time this has been done. With some additions this has boosted the value of the premises and equipment to £97.7m. compared with £57.2m. a year ago.

It is also reflected in the inflation-adjusted figures published by the Bank. For the first time these have been carried out on a current cost accounting basis, rather than current purchasing power, and show a current cost profit of £5.3m. before tax.

## Weather

**U.K. TO-DAY**

SHOWERY with bright intervals. London, S.E. Cent. S. England. E. Anglia, E. Midlands. Cloudy with rain, becoming brighter. Max. 19C (66F).

W. Midlands, Channel Isles, S.W. England, S. Wales. Brighter with sun, intervals and scattered showers. Max. 17C (63F).

E. N. England, Isle of Man, N. Wales, Lakes. Bright or sunny intervals, scattered showers. Max. 17-19C (63-66F).

Borders, Edinburgh, Dundee, Aberdeen, W. N.E. Scotland, Glasgow, Highlands, Moray Firth, Argyll, N. Ireland. Cloudy with showers or looser outbreaks of rain. Max. 14-17C (57-63F).

Orkney, Shetland. Cloudy with showers. Max. 12C (54F).

Outlook: Showers and sunny intervals.

## BUSINESS CENTRES

Mid-day		Mid-day	
Alexandria	C 17 45	Madrid	S 39 56
Algiers	S 31 17	Manhattan	C 12 45
Bahia	S 31 17	Manila	C 16 54
Bombay	S 37 57	Montevideo	C 23 17
Buenos Aires	R 15 20	Montreal	S 23 17
Calcutta	S 31 17	Nairobi	C 16 54
Canton	R 17 49	Paris	C 19 56
Cebu	R 17 49	Shanghai	C 16 54
Colon	S 18 64	Singapore	C 18 54
Hankow	S 18 64	Tokyo	C 19 56
Harbin	S 18 64	Yokohama	C 19 56
Hong Kong	S 18 64		
Kobe	S 18 64		
London	S 18 64		
Lyons	S 18 64		
Manila	S 18 64		
Medan	S 18 64		
Shanghai	S 18 64		
Singapore	S 18 64		
Tokyo	S 18 64		
Yokohama	S 18 64		

## HOLIDAY RESORTS

	Y'day	Mid-day	Y'day	Mid-day
Algeria	23	57	London	F 23 56
Amman	23	58	Torrey	F 23 56
Baghdad	23	57	Tas Pms.	F 23 56
Blackpool	23	58	Locarno	F 23 56
Bordaux	23	57	Malorca	F 23 56
Bombay	23	57	Manila	F 23 56
Calcutta	23	57	Malta	F 23 56
Cape Town	23	58	Nairobi	F 23 56
Cebu	23	57	Paris	F 23 56
Drohobukh	24	29	Nice	F 23 56
Fargo	24	29	Djeppe	F 23 56
Hankow	23	57	Yokohama	F 23 56
Hong Kong	23	57	Salzburg	F 23 56
London	23	57	Tamper	F 23 56
Lyons	23	57	Warsaw	F 23 56
Manila	23	57	Tientsin	F 23 56
Medan	23	57	Valencia	F 23 56
Shanghai	23	57		F 23 56
Singapore	23	57		F 23 56
Tokyo	23	57		F 23 56
Yokohama	23	57		F 23 56
C-Cloudy.	F-Fair.	S-Sunny.	S-Sunny.	

## British herring ban wins EEC backing

BY GUY DE JONQUIERES

BRUSSELS, July 18.

BRITAIN'S controversial decision to impose a unilateral ban on herring fishing in its 200-mile North Sea zone won unexpected endorsement from EEC Agriculture Ministers here this evening.

In a dramatic reversal all but the Danish minister, approved the establishment of a Community herring ban to cover all EEC waters. The ban, which will run initially until the end of September, is buttressed by an array of measures to conserve dwindling herring stocks.

But Britain's demand for preferential access to fishing in zones up to 50 miles around its coast as part of a permanent EEC internal fisheries regime met strong resistance from the European Commission and other governments.

This brought a stern warning from Mr. John Silkin, Britain's Agriculture Minister, that unless its partners were prepared to be more flexible the U.K. could be forced to revert to its previous and tougher demand for an exclusive national zone all the way up to 50 miles. In the last resort Britain might have to consider taking unilateral action. The decision to establish a

temporary EEC herring ban was based on a proposal advanced by the Commission in a last-minute bid to break a day-long deadlock which had ranged Britain against Denmark and other EEC governments which favoured the alternative of limited quotas up to the end of next year.

Mr. Bruce Millan, Secretary of State for Scotland, had suggested that the British ban should be continued indefinitely and made subject to EEC review. Reopening herring fishing, even on a limited basis, would seriously damage spawning, he said.

Mr. Millan said the ban approved this evening was "quite satisfactory. It would be reviewed by Agriculture Ministers in mid-September. He had been assured that if it was not renewed Britain would be legally entitled to re-introduce its unilateral measures from October. The Ministers also approved a Commission proposal to prohibit indefinitely all further industrial fishing of herring and to halt landings in the EEC of all herring caught for such purposes, even if it was fished outside the Community's 200-mile zone.

It was agreed to reintroduce protection for stocks of young haddock and other white fish in the North Sea. This measure, which will run from September 1 to October 15, will be reviewed by Agriculture Ministers on October 11 and 12 on the basis of fresh scientific evidence.

The EEC Commission will also ask Sweden and Norway if they will co-operate in extending the herring ban into the Skagerrak, beyond the limits of Community waters.

Mr. Millan said he was also satisfied by decisions taken here to settle differences between the U.K. and Ireland over fishing of the west coast of Scotland and the Isle of Man. These gave Britain the major share of limited catch quotas.

In contrast to its success in winning the endorsement of several EEC Governments which had bitterly criticised its unilateral herring ban when it was announced last month, Britain had no headway in its efforts to obtain exclusive fishing rights up to 12 months from its coast with "dominant preference" for its fishermen in a variable band beyond that.

## Government increases aid to industry by £70m.

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT has made another £70m. available to industry for this new aid package to a scheme to encourage U.K. manufacturers to introduce better designed products and to get them on the market more quickly.

An initial £20m. is being provided for this new product and processes scheme. There have already been so many inquiries the Department of Industry believes more money might have to be found early next year.

The Government also announced yesterday that the successful, ferrous foundry scheme will have its cash allocation doubled to £80m.

The machine tool scheme will get another £10m., taking the aid offered to £30m. This is another indication that the machine tool scheme is doing well. The ground very slowly, but picked up considerably this year since it was simplified and its scope widened.

Problems from any sector of manufacturing industry will be eligible for consideration for the new product scheme, though its main thrust will be in mechanical and electrical engineering.

The scheme is intended to provide more widely-based support for the development of new products and processes by manufacturing industry. The emphasis will be on

bringing new products and processes to the market, with the aid to cover all the way up to the commercial production stage.

Projects or programmes will normally not be considered unless they will cost £25,000. Nothing costing more than £1m. will be considered. This is the first time an aid scheme has had an upper limit. The department does not want to spend the available cash on a handful of major high-technology projects but wishes the scheme to have an influence on a wide spectrum of industry.

costs in return for a levy on commercial sales.

The ferrous foundry scheme has had a big impact on the industry, which badly needed to invest. The £80m. of support now available suggests the industry will be investing more than £350m.

The department expects about 90 per cent. of present steel foundry capacity to be covered by the scheme and, although only 40 per cent. of the iron foundries will take advantage of it, between them they represent 70 per cent. of capacity and 50 per cent. of output.

The department expects the machine tool industry to take up all the £30m. offered. This would imply total investment of more than £120m.

The Government has found the selective aid schemes effective as a method of encouraging capital investment. One or two more industry schemes can be expected before Christmas, including that for the instrument-making industry which has been stuck in the pipeline at the Common Market Commission for months.

## Sluggish economy still shows few signs of picking up

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL ACTIVITY and spending in shops both remain depressed with almost no evidence yet of even the start of a recovery.

Official figures for the two key indicators of industrial production and retail sales, published yesterday, suggest that economic activity hardly increased at all during the first half of the year.

Mr. Healey, the Chancellor, said on Friday that the economy was likely to grow by between 1 and 1.5 per cent. in real terms this year, compared with 1.5 per cent. in 1976.

The Central Statistical Office announced that the average levels of both the all-industries and the manufacturing output indices between March and May were little changed compared with the previous three months.

Spending in shops has been even more depressed, since, according to Department of Trade provisional estimates, the volume of retail sales was about 1 per cent. lower in the second quarter than in the previous three months. And it was 3 per cent. below the average for 1976.

Some commentators argue that these figures may be understating the level of activity and a less depressing view is suggested by figures for notified vacancies and labour turnover.

In any event, most forecasters are assuming that disposable incomes will now

stabilise, consumers' confidence and spending should recover later this year. Any acceleration in the rate of earnings growth could provide a temporary fillip to retail sales before a later decline.

The volume of retail sales in June was 104.5 (1971=100), which is almost the same as in May. The last two months together show a slight recovery from the level of March and April but still remain among the lowest for five years and may anyway have been boosted by tourists and jubilee spending.

The value of retail sales last month was 15 per cent. higher than 12 months earlier (based on non-seasonally adjusted figures).

The index of all-industries output rose in May by nearly 11 per cent. to 104.2 (1970=100) but this overstates the figure since changes in the timing of the Spring Bank holiday have not yet been fully reflected in the seasonal adjustment. Similarly, the June figure may turn out to be an under-estimate.

Increased North Sea oil production has been about the only positive feature—accounting for nearly all of a 0.8 per cent. rise in mining and quarrying output in the last three months.

**ECONOMIC ACTIVITY**

	Industrial Production 1970=100, seasonally adjusted	Retail Sales Volume, 1971=100 seasonally adjusted
All Industries		
1976 1st	101.9	102.1
2nd	102.4	103.4
3rd	101.5	103.6
4th	103.2	104.5
1977 1st	103.2	105.3
2nd	103.4	105.1
3rd	103.3	105.6
4th	103.0	105.3
1st	102.7	104.0
2nd	104.2	105.8
3rd	104.2	104.4
4th	104.2	104.5

\* provisional  
Source: Central Statistical Office and Department of Trade.

## Generating Board

of agreement it would have been wrong to allow an important part to be blanked out.

Replying to suggestions that GEC might put in a competitive tender, Mr. Benn said that any tenders would have been meaningless because so much was at stake for the companies.

He sympathised with GEC's disappointment, repeated that there would be nuclear orders and other work available. Earlier in the Commons Mr. Varley had angrily rejected Tory demands for his resignation. Mr.

Kenneth Clarke, from the Tory Front Bench, said that Mr. Varley had been overruled by his Cabinet colleagues, who apparently wanted "to spend public money in response to political jobs".

Mr. Varley retorted that the Government's support for restructuring of the industry was unchanged.

Key Hudson writes from Newcastle: Parsons stressed last night that the company is a firm supporter of a re-grouping of British turbine-makers into a single

national company. But that was quite a different matter from, as the Parsons manager put it, "selling out to GEC and allowing our factories here to be the ones to suffer closures."

Mr. Peter Bruns, chairman of the Parsons Joint Shop Stewards Committee, called for an urgent dialogue with the Government and the turbine-makers about the future of the industry. His members would not fight a merger between GEC and Parsons, as long as control rested in the hands of the Government.

## Schmidt meets Giscard to-day

BY JONATHAN CARR

BONN, July 18.

CHANCELLOR Helmut Schmidt will meet President Giscard d'Estaing of France near Strasbourg to-morrow to tell him all about his recent talks in Washington and Canada.

The main topics are likely to be East-West relations, including human rights, hopes for a resumption of Canadian natural uranium supplies to Europe, and economic prospects.

A Bonn Government announcement of the unexpected meeting said that Herr Schmidt would telephone Mr. James Callaghan, Britain's Prime Minister, to bring him fully up-to-date on the North American talks. Government sources stress that Herr Schmidt is doing all he can to keep his allies informed.

On his 13-day trip, from which he returned yesterday, Herr Schmidt was acting in a sense as ambassador for all nine European Community countries.

During the European summit meeting in London last month concern was expressed about deteriorating relations between Moscow and Washington. It was felt that this would seriously affect bilateral efforts by the Europeans for détente with the East. Herr Schmidt agreed to pass on these concerns in Washington.

He has returned saying that he and President Carter fully agree on the aims to be sought at the conference on European security in Belgrade. He added that there was no shadow of discord between them on human rights.

## Impression

German officials who accompanied the Chancellor on his trip say the impression has been gained that Mr. Carter will be more restrained in future comments on the issue.

Herr Schmidt will also tell the French and British leaders about new German proposals designed to help set the East-West talks on a more realistic basis. He plans to discuss the topic with Mr. Leonid Brezhnev, the Soviet President, who is expected in Bonn in the autumn.

In seeking to help the EEC countries during his talks on West in Canada, Herr Schmidt has been careful to stress that he was not negotiating on behalf of the Nine.

Canada has stopped its supplies of natural uranium to Euratom on the grounds that the uranium should be established by the European Community.

In the Chancellor's cautious words, an understanding has been reached which should allow the stalled talks between Canada and Euratom to come to a relatively quick conclusion.

Giscard questions U.S. stance, Page 4.

## Continued from Page 1 Rhodesia

for the impartiality of the judiciary and the forces of law and order, and maintenance of the Civil Service and the security forces.

"Without these not only would the confidence of the white man be lost, but it would lead to tragedy for the mass of decent law-abiding black Rhodesians and the development of a situation of chaos comparable to post-independent Angola."

Mr. Smith said that Britain had argued at an earlier meeting that there were alternative safeguards to high franchise qualifications and special Parliamentary representation which would provide.

But last week Mr. John Graham and Mr. Steven Low said there was "no hope" of anything other than one man, one vote, no special representation for whites, and no adequate constitutional protection of the entrenched clauses.

No underwriting of pensions could be considered and while in Cape Town Dr. Owen had taken the view that "terrorists" could be rehabilitated by reabsorbing most of them into their civilian occupations, while those not interested could be accommodated outside Rhodesia.

Last week he had been told of a different solution — that the "terrorists" would be given "preferential treatment" for inclusion in the security forces.

"Throughout all the discussions last week it was absolutely clear to us that the Patriotic Front were calling the tune. This is tantamount to giving them a veto," Mr. Smith said.

Mr. Smith said that when he had told Mr. John Graham, of the Foreign Office, that this would be unacceptable not only to his Government but to any white Rhodesians of any consequence he had been told that "a large number of Rhodesians" would be happy to support such a plan.

## Rank still only a Xerox passenger

THE LEX COLUMN

Although sterling and the equity market held more or less steady, gilt-edged weakened further yesterday. The F.T. Government Securities Index fell to its lowest for more than four months, and yields on the high coupon loans rose to significantly over 14 per cent.

The Government Broker, having dropped the price of the 1981 tap stock to 26½ last Thursday, is again well and truly stranded with the market price now 24½. And that need to fund the August borrowing requirement is becoming more pressing.

## Rank Organisation

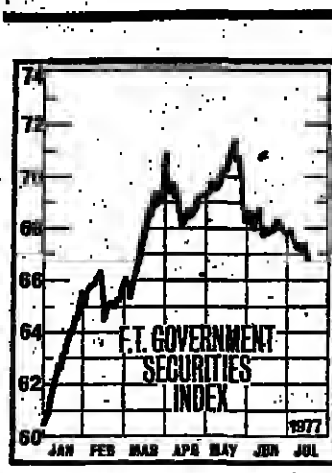
There is good and bad in the interim statement from the Rank Organisation. The impressive aspect is the dramatic return by Rank Xerox to the growth path, with a jump of over 30 per cent. in its pre-tax contribution to £60.5m., more than for the whole of 1975-76. On the other hand the sharp improvement in the non-Xerox operations which became evident in the second half last time has petered out again. So the non-Xerox contribution for November-May is just £0.6m. against nil in the same period last year. Butlin's being excluded for seasonal reasons in each case.

Rank Xerox reports a generally strong trading picture, with copy volume rising well and the £200 programme moving successfully. There is now the promise of a new range of copier/duplicators, the first of which was due to be unveiled in New York last night, by the parent Xerox Corporation.

But there are two other key factors behind the big earnings advance at RX. Currency movements have had a favourable impact on the FAS 8 translation method, perhaps worth a turn-round of anything up to £10m. In Rank's profit-share, the published provision is £16.2m., compared with £14.3m. in 1975-76 and £9.8m. a year earlier. But this is after allowing for a reduction in provisions required against the Bank's holdings of gilts and other securities, and considering that the gilt book amounts to over £130m., the true figure could be significantly higher.

The rise in the disclosed write-offs need not have harsh implications for the clearers, which are not generally expected to make any further specific provision against their "lifeboat" commitments. This is because they mainly relate to the Bank's solo operations, notably Slater Walker, where it has guaranteed the loan book for a maximum of £40m., and the prospects appear as grim as

Index fell 3.2 to 450.5



F.T. GOVERNMENT SECURITIES INDEX

ever—while the Australian TV operation also now faces a harsher climate.

At group level, no indication is given of current levels of debt, and the £6.9m. total of property sales either completed or agreed looks disappointingly small. Still, Rank Xerox on its present showing will allow Mr. Harry Smith, the new chairman, plenty of time to sort out Rank's own problems, and the shares at 207p are comfortably based.

## Bank of England

Anyone who turns to the Bank of England's annual report for a picture of its continuing role in supporting lame secondary banks is going to be disappointed. In the text, the subject is dismissed in a couple of paragraphs—rather less than is given to the subject of staff wastage and recruitment.

In the profit and loss account, the published provision is £16.2m., compared with £14.3m. in 1975-76 and £9.8m. a year earlier. But this is after allowing for a reduction in provisions required against the Bank's holdings of gilts and other securities, and considering that the gilt book amounts to over £130m., the true figure could be significantly higher.

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Edward Bates where numbers are still any guess more than a year ago. Since the clearers not involved, there was all more reason for the Bank to rather more forthcoming at the costs of its assistance.

## Gold quarterlies

At \$143½ an ounce the of gold now stands 26 per higher than it was a year ago, and despite the seasonal lull in industrial demand, price appears reasonably at present. By contrast the gold mines index, is languishing at the same as 12 months ago.

Clearly political uncertainty in Southern Africa explains their divergence, whereas six months ago a for sentiment was being undermined by the dismal look on the cost and front, the second quarter from the mines in the Ce dated Gold Fields group much better reading. Gold's price has risen quite a from the depressed levels, first quarter and again average price of around \$ the first three months, received in the second quarter ranged from \$136 per ounce as high as \$149 per ounce.

This has had a big impact on profitability. At the most important mine, Driefontein, profits were a third and in the case marginal mine such as fontein, the improvement was quite spectacular. Costs moved only marginally, but production rose by and working profits from R0.3m. to R3.2m. by the first and second quarter.

## Treasury memo

The Treasury's memorandum to the Wilson Committee greeted with approval in the City, which to be told that "it is and proper for instit investors to see their to obtain the best returns placed with them would be too much to the Treasury might not full time and condemn dividend controls which responsible for admin. Instead, it only admin restraint has "in some increased the cost of new capital.

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